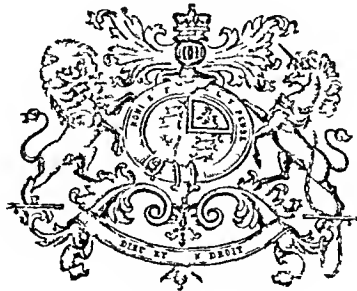


REPORT
OF
THE FINANCE COMMITTEE,
1886.

VOLUME I
THE PROPOSED PROVINCIAL CONTRACTS OF 1887;
WITH
APPENDICES EXHIBITING THE WORKING OF THE PROVINCIAL
CONTRACTS OF 1882.



CALCUTTA
PRINTED BY THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA
1887

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REPORT

OF

THE FINANCE COMMITTEE, 1886.

VOLUME I.

CHAPTER I

INTRODUCTORY

THE intention of the Government of India to appoint a Special Committee to enquire into the Finances of the Empire and to submit recommendations leading to economy was first announced in the speech of His Excellency the Viceroy on the 4th January 1886, in the Council of the Governor General of India. The occasion was the introduction of the Income Tax Bill, and His Excellency was led to explain the causes of the financial difficulties in which the Government found itself, as arising from Military preparations on the North-Western Frontier, and the fall in exchange. He referred to the temporary reduction of expenditure which had taken place in 1885, and ended his speech as follows —

“But this was a temporary measure to meet an equally temporary need. It is now desirable to ascertain whether it would not be possible to add considerably to the margin of our resources by a careful revision of our Provincial and Imperial expenditure, as well as by the addition to our income which the present Bill will give us. With this view the Government of India have determined to issue a Financial Commission, so strongly constituted and furnished with such instructions as to ensure that the task entrusted to them will be conscientiously performed, and to prove conclusively that the Viceroy and his Colleagues are thoroughly in earnest in their determination to adapt the administration in all its branches to the financial exigencies of the Empire.”

2 The Finance Committee, foreshadowed in this speech, was constituted and the sphere of its labour was defined by the Resolution of 10th February 1886, which ran as follows —

Terms of the Resolution

“It has been determined to appoint a Committee for the purpose of examining expenditure, whether Imperial or Provincial, and reporting to the Government, within as brief a period as may be possible, what economies are therein practicable. It is desirable that the Committee should commence its labours so soon as its Members can be conveniently brought together, and it is expected that early in the ensuing cold weather they will be able to submit their recommendations to the Government.

“2 The question of expenditure has, within recent years, been on more than one occasion pressed upon the attention of the Government of India. On the one hand, it has been urged that, since the commencement of the present decade, civil expenditure has very largely increased, on the other hand, the causes which have led to increase of expenditure have been fully explained by the Government of India in its communications with Her Majesty's Secretary of State. The documents relating to this matter will, in the course of their enquiry, be laid before the Committee, but the Committee will not fail to observe that, apart from the discussions which have hitherto arisen on the subject, the circumstances, in which the Government now finds itself placed, compel it to examine with renewed and anxious attention the possibilities of such an effective decrease in its expenditure as shall, in a sensible degree, contribute to relieve it of the financial embarrassments with which it is threatened. The time is opportune

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for such an enquiry. The Provincial contracts expire at the close of the ensuing financial year. The Government is engaged in the prosecution of a large scheme of public works, having for their object the protection of the country against famine or possible dangers upon its frontiers, for the rapid prosecution of which the utmost economy is required in other branches of the administration. The uncertainty which prevails regarding the future relative value of gold and silver compels the Government to contract, so far as is possible, expenditure which, in other circumstances, may have been desirable or necessary, but which at present it can no longer maintain.

"3 The Committee, while turning their immediate attention to the revision of the arrangements now in force between the Imperial and the Provincial Governments, will extend their enquiries to all Departments of the Government, whether Imperial or Provincial. They will find that the labours of the Military Commission have led to a series of recommendations, some of which have been put into execution, while others await decision. Although it is not contemplated that they should travel over the ground which the Military Commission examined, they will not, on that account, decline to consider whether greater economy cannot be attained in connection with the working of the several branches of the military administration. They will review so much of the proposals for military economy as have been already approved by the Government of India, but have not hitherto been carried out, and will report their views as to the most suitable steps to be taken in order that effect should be given to such proposals. Similarly, the Committee will study the enquiries which have been made, and the measures which have been adopted, in recent years with a view to reform or to the introduction of greater economy into the several Departments of the Government. It is not desired that the Committee should propose any material modification in arrangements, which have in recent years been carried out after mature deliberation under the sanction of the Secretary of State, but they will be expected to pursue a similar line of enquiry so far as regards departments or branches of the administration, with which the changes effected in late years have not definitely dealt, or in which the reforms hitherto effected may prove to have failed to secure the economy aimed at. Bearing in mind the heavy cost to which the Government of India is committed in regard to Imperial railways and military works, the expenditure, whether Provincial or Imperial, under other heads of the Public Works must be scrutinised with special care.

"4 Finally, the Committee should examine thoroughly the subject of the home charges, and specially the report presented to the Government of India in 1884 by Colonel Conway-Gordon, R.E., and should work out and submit such recommendations in regard to economies as their examination may suggest to them. They will, at the same time, turn their attention to the division of the military charges between Her Majesty's Government and the Government of India, and will advise the Government of India whether the present distribution of these charges seems to call for revision, and, if so, what are their practical recommendations on the subject.

"5 The Government of India in the Financial Department will issue to the Committee the further instructions necessary for their guidance, the method to be pursued by them, and the procedure of enquiry, and will cause them to be furnished with all necessary information. The Committee will keep the Government of India in the Financial Department regularly informed of the progress of its enquiries, and will carry out its labours in close communication with that Department.

"6 His Excellency the Governor General in Council is pleased to nominate the following gentlemen to be Members of the Committee —

MR C. A. ELLIOTT, C.S.I., LL.B., C.S., Chief Commissioner of Assam—*President*
 HON'BLE MR JUSTICE CUNNINGHAM
 HON'BLE DR W. W. HUNTER, C.S.I., C.I.E., LL.D., C.S.
 HON'BLE RAO BAHADUR MAHADFO GOVIND RANADE, M.A., LL.B.
 MR J. WESTLAND, C.S., Comptroller and Auditor General
 LIEUT.-COL. A. J. FILGATE, R.E., Accountant General, Public Works Department
 MR H. W. BLISS, C.S., Commissioner of Salt and Abkari Revenue, Madras Presidency
 MR ROBERT HARDIE, Secretary and Treasurer, Bank of Bengal

"With the above-named General Members of the Committee, His Excellency will be prepared to associate, on the recommendation of each Local Government or Administration, one or at most two Local Members, who will sit with the General Members when they visit the locality, and correspond with them at other times."

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3 The tenor of these orders was to place considerable restrictions on the Limitation of the field of functions of the Finance Committee, and the terms, in enquiry which they were debarred from interfering with arrangements deliberately made and sanctioned by the Secretary of State, might have been interpreted in a manner capable of very wide expansion. It was therefore thought expedient to make a special reference to the Government of India, and to ask for instructions concerning some specific instances. The Committee were informed in reply that they were not empowered to propose any change in the organic structure of the Administration, and, as to the specific cases put, that an enquiry into the status of the Governors of Madras and Bombay, the general question of the salaries of the Civil Service, and questions relating to the system of issuing Government loans and to concessions or guarantees given to Railway Companies, were beyond the field of their enquiries. Later on, the appointment of the Public Service Commission, under the presidency of Sir Charles Aitchison, relieved the Finance Committee of another subject, as to which they had, under the instructions of the Government of India, commenced to enquire, *viz*, the limits within which the rule should be applied that Natives of India, when holding posts to which Europeans are usually appointed, shall receive two-thirds of the salaries usually attached to those posts.

4 The President, Mr. Cunningham, and the Secretary took charge of their Commencement of operations duties early in March, and, with the sanction of the Government of India, General Circulars were issued to the Local Governments and Heads of Imperial Departments and to Public Bodies and Associations inviting co-operation and suggestions as to economy. A preliminary enquiry into the Provincial expenditure of Bengal was also opened in Calcutta, and into that of the North-Western Provinces at Allahabad, where Colonel Filgate joined the Committee, but the whole body of the members did not come together till about the middle of April at Simla, and the first meeting of the entire Committee was held on the 24th April. Sub-Committees were formed, each consisting of two or three members, to examine into the expenditure of the Provincial Governments and the Imperial Departments, the Army, and the High Courts, and into the Travelling and Hill Allowance Codes, and the Home charges. Their enquiries into this last head of expenditure were from the first limited so as to exclude any matter affecting the India Council and the cost of the India Office, and eventually they were stopped by the orders of the Secretary of State, and paragraph 4 of the Resolution above quoted was cancelled.

5 With regard to the Provincial Governments, the Committee began by Nature of the enquiries made sending out a series of questions, based chiefly on the figures found in the Civil Estimates, asking for information wherever an increase of expenditure was found, and making enquiries designed to bring out differences of system and procedure in different Provinces. In these questions the comparative method was largely used, the Governments being invited to explain why they required scales of salary and strengths of establishment, which were not found necessary elsewhere. An analysis of the receipts and expenditure during the expiring Contract was prepared, and estimates were framed of the probable initial receipts and expenditure for the new Contract, and these were in most cases submitted to the Local Governments as a preliminary basis of discussion. The expenditure of the Imperial Departments was examined in the same manner as that of the Provincial Departments. The enquiries made in respect of the High Courts related not only to the number and strength of their establishments, but also to the amount of work done and the number of working days, the system on which court-fees are levied in the High Courts,

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and the possibility of making any alteration in their original and appellate jurisdiction, so that some of the less important classes of work, now done in the High Court, might be relegated to less expensive tribunals, if it could be done without any risk of a miscarriage of justice. With regard to the Travelling Allowance and Hill Allowance Codes, the Committee investigated the amount spent on the annual move to the hills, the changes recently made in the Code, and the principles on which the existing rules are based, with a view to modifying the principles and laying down more economical rates of allowances. They also dealt with the question of expenditure entailed by the purchase of European stores in India, and the larger employment of locally manufactured articles. In dealing with military expenditure, the first business of the Committee was to ascertain what proposals of the Army Commission had been carried into effect and what remained to be done, and after this they proceeded to investigate more closely the details of the outlay on the various auxiliary departments of the Army—a branch of the enquiry which, except so far as related to the *personnel* of the principal officials, the Army Commission had hardly touched. The results of the Committee's labours as regards the Provincial Contracts and the expenditure of Provincial Departments will be found in the first Volume of this Report, the results of all other enquiries, so far as they were completed in time, in the second Volume.

6 The Committee decided that generally speaking it was better not to take oral evidence in the first place, nor did they invite witnesses to appear before them in order to make *in á voce* statements of their suggestions as to economy. Such suggestions, they considered, could be better worked out by their author and more carefully considered by the Committee, if submitted in writing, and suggestions in this form were invited from the public. Notes were also printed and issued asking for information on specific points, and indicating suggestions which had been laid before the Committee, and on the receipt of replies to these, the Heads of Departments or other experts were invited to meet the Committee in conference in order to explain any matters not fully cleared up in the replies or new questions arising out of these replies.

7 The Committee assembled in the first place at Simla because of the convenience it afforded for discussion with the Chief Officers of Government and for ready access to Government records, but as soon as the preliminary estimates of Provincial Finance had been drawn up, and time had been given for the Local Governments to prepare replies to the questions which had been issued, it was arranged that a portion of the Committee should visit the head-quarters of the different Local Governments, to confer with the Chief Officers and the Heads of the Administration in each Province, regarding the questions which had to be settled before their proposals for reduction of expenditure and for the framing of the new Contracts could be drawn up. The authority of the whole Committee in respect of making these proposals was delegated to the members on tour in the terms of the following Resolution —

The Committee delegate to the President and the Members on tour their authority in respect of making suggestions and proposals to the Government of India on the understanding that—

- (a) Any proposals that are submitted to the Government of India shall be so drafted as to show which of these the Local Members and Local Governments accept and which they do not accept
- (b) Copies of such proposals shall be sent to each Member, who can record a dissent at any subsequent time, if any reduction is proposed with which he disagrees

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8 Some discussion took place in the Committee as to the principles on which the future Provincial Contracts should be framed, and on the 26th of July the orders of the Government of India were received directing that, on the whole, the same system that was adopted in 1882 should be followed in 1887, but that the Provincial share of the increase in the Revenue should in future be one-fourth in the case of Land Revenue and Excise, and three-fourths in the case of Stamps, the other divided heads remaining unaltered. Some further suggestions were made, to be discussed by the Committee with the Provincial Governments, concerning the exclusion of certain heads, which had hitherto been Provincial, from the Contract, and concerning the inclusion of certain other heads in it. It was suggested that Superannuations, Customs, and Salt (except some miscellaneous local items) should be made wholly Imperial in future, and that Irrigation and Embankments should be provincialised in the Punjab, Bombay, Madras, and Bengal, also that the Eastern Bengal Railway should be made Provincial and the Patna-Gya, Dildarnagar-Ghazipur, and Cawnpore-Ahmednagar Railways should be made Imperial. The effect of these alterations will be found in the Chapters dealing with the Provincial Contracts.

9 The conferences with the chief officers of the Punjab Government, and finally with the Lieutenant-Governor himself, were held at Simla in July, and the Committee's Note on the future Contract, which is printed as Chapter III of this Volume, was written as soon after this as some information, which was then wanting, could be procured.

10 On the 31st July the travelling Members of the Committee (the President, Mr Westland, Colonel Filgate, and Mr Bliss) started on their tour to visit the different Provinces and confer with the Local Governments with a view to drawing up their proposals as to the future Contracts. It was arranged that they should be joined in Poona by Mr Ranade and in Bombay by Mr Cunningham, both of whom would give special attention to the enquiry into the expenditure of the High Courts, and also would assist in the discussions relating to the Provincial Contracts.

11 The first place visited was Naini Tal, where the Members on tour remained from the 3rd to the 15th of August inclusive. After discussing all necessary details with the Heads of Departments, they held a final conference with the Lieutenant-Governor on the 13th, and drew up their Note containing recommendations as to the Provincial Contract. This is now printed as Chapter IV of this Volume.

12 From Naini Tal Mr Westland and Colonel Filgate went by Allahabad (where they stayed for a day to make some further enquiries) to Nagpore. There they met the Chief Commissioner and his chief officers and discussed the contract to be made with the Central Provinces, the particulars of which will be found in Chapter V. The President travelled by way of Abu to confer with the Agent, Governor General, Rajputana, on the expenditure under his charge.

13 The travelling Members of the Committee met again at Poona on the 26th August, and examined the heads of the different Departments, and were joined there by the two Local Members, Mr Lee-Warner and the Hon'ble Mr Forbes Adam, who assisted in all their deliberations. They visited Bombay, where they were joined by Mr Cunningham, and remained there a few days to enquire into the expenditure of the High Court and confer with the

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Chief Justice On their return to Poona, they laid before the Government of Bombay the heads of their suggestions for economy, but were informed that that Government would prefer not to discuss them verbally, but would answer in writing when the Committee's Note was laid finally before them. They also discussed the military questions, which they had under enquiry, with His Excellency the Commander-in-Chief, the Quarter Master General and Adjutant General of the Army, the Commissary General, Controller of Military Accounts, and other Military Officers. The proposals relating to the Bombay Contract form Chapter VI of this Volume.

14 They left Bombay on the 18th September and arrived at Madras on the 22nd, where they were joined by the two Local Members for Madras, Mr Gaustin and Mr H E Stokes. They discussed all necessary details with the Heads of Departments and held a conference with His Excellency the Governor of Madras and his Council, at which they stated their suggestions, and were informed how far the Government were prepared to accept them. Their Note on the Contract with this Province is Chapter VII of this Volume. They also examined into the expenditure of the High Court and held a conference with the Chief Justice to inform him of their proposals and to hear his views regarding them. In the absence of His Excellency the Commander-in-Chief and his staff in Burma, the Committee were not able to pursue their enquiries regarding the expenditure of the Army to a great length, but they conferred with the Military Secretary to the Government, the Controller of Military Accounts, and some other Military Officers.

15 From Madras the travelling Members of the Committee went by sea to Calcutta and thence to Darjeeling, where they were joined by the Local Members for Bengal, Colonel S T Trevor and Mr R H Wilson. They pursued their enquiries on the same system, and laid their recommendations at a final conference before the Lieutenant-Governor.

16 On the 1st November, the whole of the Committee (except Mr W W Hunter, who had taken privilege leave and did not rejoin till the 1th of December) re-assembled at Calcutta. They were principally occupied till the 20th of December in drawing up their Notes on the Provincial Contracts with Bengal, Assam, and Lower Burma, which appear as Chapters VIII, IX, and X of this Volume, and in investigating the expenditure of the Calcutta High Court, after completing which they held a conference with the Chief Justice to explain their own and to hear his views regarding the suggestions which occurred to them. They also finished some other miscellaneous subjects of enquiry. They did not visit Assam or Burma, the former because the President, as Chief Commissioner of Assam, was personally acquainted with the financial details of that Province, and the latter because the country was in too disturbed a state for any enquiry into its expenditure to be fruitful, and because the Chief Commissioner was engaged in Upper Burma and could not have met the Committee.

17 On the 15th November, Mr Westland took charge of his duties as Secretary to the Government of India in the Financial Department, and from that date, though not ceasing to be a Member of the Committee, he was unable to give the whole of his time to its work.

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18 On the 29th September, the Government of India had directed the Committee to submit their Report "on the whole result of the enquiries entrusted to them," by the 20th December, but it was obvious that it would be impossible for them to bring their enquiries on a large number of important subjects to a close by that date. Accordingly a list of the Departments and questions under investigation, with a statement of the stage at which the enquiry had in each instance arrived, was drawn up and submitted to the Government of India, and then orders thereupon were solicited. The Government of India replied to the effect that whatever work, begun by the Committee, remained unfinished on the date fixed for their dissolution, should be taken up and carried on by special officers, whom Government would designate for this purpose. The correspondence referred to is printed *in extenso* as an Appendix to this chapter.

19 In accordance with these instructions, the Committee met for the last time on the 20th December, and resolved that it was impossible for them, through want of time, either to complete the investigation of the subjects, on which no report had, up to date, been drawn up, or to reconsider the Notes which had from time to time been submitted to Government, or to throw such recommendations as had already been made into the form of a general and comprehensive report on the finances of India and the possibilities for future economy. The only plan that could be adopted was that their separate Notes, submitted from time to time, should be taken as their Report, and should be prefaced by an introductory chapter giving a short history of their proceedings, and by a summary of the proposals as to the Provincial Contracts, which might be more suited for giving information to the public than the long and technical Notes themselves. The Resolution recorded by the Government of India on the receipt of the President's report to the above effect is printed in the Appendix to this chapter.

20 The savings to be effected by the economies which the Committee have suggested, may be summed up as follows.

21 First, as to the Provincial Contracts. In the Punjab, revenue and expenditure are only just in equilibrium, and the Contract will be renewed without any gain to the Imperial Government. In Burma, also, there can be no gain, and the finances of the Province are in too disturbed a state for any arrangement to be made, other than a provisional renewal of the Contract for a short period. The North-Western Provinces, it is calculated, can surrender R12,65,000 of their Revenues to the Imperial Treasury, the Central Provinces R1,85,000, Bombay, R27,06,000, Madras, R14,07,000, Bengal, R11,52,000, Assam, R1,86,000. The total gain to the general finances of the State by the renewal of the Provincial Contracts will be, if all the Committee's suggestions are accepted, R69,01,000.

22 Secondly, the Committee have made a large number of recommendations in the Provincial Notes leading to reductions of various kinds, which have not, for the most part, as yet been considered or accepted by the Local Governments or by the Government of India, and of which accordingly the Committee did not take any account in framing their proposals for the future Contracts. The savings anticipated,

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if these suggestions are carried out, may be estimated to amount to the following sums —

	₹
Punjab	1,88,000
North-Western Provinces	1,73,000
Central Provinces	24,600
Bombay	3,80,000
Madras	4,02,000
Bengal	3,64,000
Assam	17,600
Burma	22,000
TOTAL	15,71,200

23 Thirdly the economies, which the Committee have suggested in the Imperial and Miscellaneous Departments, the Notes concerning which will be found in the second volume of this Report, and in the Imperial Departments, are estimated to amount to ₹43,75,000

24 Thus the total gain to Imperial Finance, which will be ultimately secured if all the Committee's suggestions are approved, amounts to ₹1,28,47,000

25 The Committee desire to convey their thanks to the several Chambers of Commerce and to the Public Bodies and Associations which have answered their Circular inviting assistance, or have otherwise offered suggestions to a like effect. Some of the replies have been turned to account in the recommendations submitted to Government and all have been carefully considered, but for the most part the suggestions made were either too vague for practical treatment, or were directed to subjects which were beyond the limits prescribed for the Committee's enquiries, such as the abolition of Governorships and Councils, the general reduction of salaries, or radical changes in the organic structure of the Administration. A selection from the more important replies will be found among the Appendices to the second volume of this Report. (See Appendix VI to Volume II.)

26 The Committee desire, in conclusion, to express their obligations to their Secretary, Mr S Jacob, for the valuable services he has rendered to them, which will, they trust, be duly acknowledged by the Government of India

C A ELLIOTT
H S CUNNINGHAM
W W HUNTER *
M G RANADE *
J. WESTLAND
A J FILGATE
H W BLISS
R HARDIE

* Subject to dissent and reservations

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APPENDIX

CORRESPONDENCE AND ORDERS RELATING TO THE DISSOLUTION OF THE COMMITTEE

Copy of a letter, No 3397, dated the 29th September 1886, from the Secretary to the Government of India, Department of Finance and Commerce, to the Secretary Finance Committee

"In continuation of my letter No 3396 of this date, I am directed to state that His Excellency the Governor General in Council desires that the final report of the Finance Committee on the whole result of the enquiries entrusted to them may be furnished to Government by a date not later than the 20th of December next"

Copy of a letter, No 621, dated the 11th December 1886, from the Secretary, Finance Committee, to the Secretary to the Government of India, Department of Finance and Commerce

"I am desired to submit, for the orders of the Government of India, a list of the subjects which the Finance Committee has under enquiry, showing in a very brief way the condition in which they stood on the 10th of November, when the list was drawn up. The questions connected with the Provincial contracts, which were perhaps those which most required the collaboration of a strong and representative Committee, will have been entirely disposed of

"2 Under the orders contained in your letter No 3397, dated 29th September 1886, the Committee are to close their labours and submit their report by the 20th December next

"3 The subjects named in the list may be divided into three classes—those regarding which enquiry has been completed, and the recommendations of the Committee have been submitted to the Government of India, those regarding which enquiries have been almost, or soon will be, completed, and it only remains for the Committee to formulate and submit their recommendations, and those which are still far from complete, and regarding which enquiry has only begun, and much further information must be collected before precise and well-considered recommendations can be made. A perusal of the list will show that the number of subjects belonging to the third class are both numerous and important, and that it is impossible for the Committee, in the limited time which remains, or even if that period were considerably extended, to dispose of them in the manner in which they ought to be treated, and to submit to the Government of India recommendations drawn up with as much care and deliberation as the subjects in the first and second classes have or will have received. All that seems possible is that the Committee should lay before the Supreme Government their preliminary notes, stating the nature of their enquiries set on foot and the suggestions which have occurred to them on the data before them, and which further information might have led them to adopt or reject

"4 It is desirable that the Government of India should be placed in possession of these facts in order that it may not be led to expect from the Committee a report which will be exhaustive on all points touched upon, and also that it may be in a position to take the necessary steps for the completion of the enquiries into the subjects which belong to the third class"

Copy of a letter, No 4745, dated the 17th December 1886, from the Secretary to the Government of India, Department of Finance and Commerce, to the Secretary, Finance Committee

"I am desired to acknowledge receipt of your letter No 621, dated 11th December 1886, forwarding, with reference to the orders of Government of 29th September 1886, No 3397, a list of the subjects which the Finance Committee has under enquiry, and stating the condition in which the enquiry on each stood on the 10th November

"2 His Excellency in Council is aware that the whole circle of enquiries at present before the Committee cannot be completed by the date fixed in the above-quoted orders, but so much of the enquiry as needed the collective labours of a Committee, as constituted in Resolution No 649, dated 10th February 1886, has, it is observed with satisfaction, been practically completed

"3 His Excellency in Council desires to make over to one or two officers, to be hereafter specially selected for that purpose, the prosecution of such enquiries as remain uncompleted after the date fixed in my letter No 3397, dated 29th September 1886, and instructions regarding the officers to be selected, the subjects into which they should enquire, and the mode of enquiry to be adopted will be issued in due course"

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Resolution by the Government of India, Department of Finance and Commerce,—No 4821, dated Calcutta, the 24th December 1886

The President of the Finance Committee having reported to the Government of India that, in accordance with the instructions conveyed in Financial Department No 3397, dated 29th September, and No 4745, dated 17th December, the Committee have made arrangements for the submission of their final report and have dissolved, it becomes necessary to arrange for the completion of enquiries in certain branches of the administration which have been instituted by the Committee, but for the prosecution and completion of which it is not necessary that so numerous a body as the Finance Committee should be retained.

2 The Government of India will dispose of the recommendations of the Committee in regard to the Provincial Contracts and such other subjects as can be disposed of on the reports already submitted. But the Government is not in a position to carry out effectually, without further aid, certain other of the enquiries which are at present in various stages of advancement, and which from their importance need the whole time and attention of the officers engaged in them. His Excellency in Council has, therefore, decided to avail himself for a further term of the services of Mr C A Elliott, Chief Commissioner of Assam and late President of the Finance Committee, to appoint him, while engaged on these further enquiries, Finance Commissioner with the Government of India, and to appoint Colonel Filgate and Mr Bliss to be on special duty with the Finance Commissioner with the Government of India for the purpose of assisting him in completing the enquiries confided to him. Mr Elliott will act under the instructions of the Government of India in the Financial Department as to the subjects to which his attention is to be directed, and will arrange, in communication with that Department, the order in which they shall be taken up, the mode in which the enquiries are to be pursued, and all other matters connected with the work entrusted to him. It will be understood that in all such enquiries Mr Elliott and his Colleagues are acting on behalf and with the authority of the Government of India in the Financial Department. It is the intention of His Excellency in Council that their labours should be directed to the completion of enquiries which have been instituted by the Committee and are actually in progress, and it will not, save in exceptional cases (which will be subject to the limits within which, in paragraph 3 of the Resolution No 649, dated 10th February 1886, the Finance Committee were instructed to confine themselves), be necessary for them to enter upon the examination of branches of the administration other than those to which the Committee have directed their attention.

Mr S Jacob will be deputed to act as Secretary to the Finance Commissioner with the Government of India, and replies to any letters issued by the Secretary, Finance Committee, which have not been answered up to date, should be addressed to him in that capacity.

Summary of Provincial Contracts

CHAPTER II

SUMMARY OF PROPOSALS AS TO THE PROVINCIAL CONTRACTS

The principle of financial decentralisation, as carried out in the Provincial Contracts, consists in making over to the eight Provincial Governments, subject to some limitations as to the creation of new appointments and some other minor matters, entire control over the administration and expenditure of certain Departments, and in enabling them to meet that expenditure by the grant of the whole of, or of a share in, the income derived from certain sources of revenue. An estimate is made of the amount, at which these heads of revenue and expenditure stand, at the time the Contract is made, and the condition of the Contract is, that all increase in expenditure during the term of the Contract shall be met by increase of revenue, the Province having no right to apply for help from the Imperial Treasury to meet its disbursements, unless it can be shown that these are due to some burden laid upon it which did not enter into the calculations on which the original Contract was based.

2 When this principle was first introduced in 1871, the Contract system was applied only to some of the chief Departments (*i.e.*, The first Provincial Contracts Jails, Police, Education, Public Works) none of the main sources of revenue being provincialised. The system was thus described by Sir Richard Temple in the Financial Statement for 1871-72—

“The Local Governments are to have a fixed annual allotment from the general exchequer for these particular services, and are to appropriate, as local income, all receipts connected therewith. They are to regulate (subject to certain general rules) all the expenditure on those services. If the existing income, namely, Imperial allotment, *plus* departmental receipts, shall suffice for the requirements of that expenditure, then that is well. If it shall not suffice, then the Local Governments are not to apply to the Government of India for increased grants. They must raise what they need by local taxation, or by such like means (subject to our central control) if they fairly can. But if they find that they cannot fairly manage this, then they must necessarily do without the increased expenditure. However much the necessity for doing without the increase may be regretted, there is no help for it. This is the only way of following the good old rule of cutting coat according to cloth. However important progress and improvement may be, financial safety is more important still.”

3 The Contracts thus made were revised in 1877, and the important step was taken of including in them some of the main revenue-producing heads. Sir John Strachey's remarks may be quoted as explaining the object of this extension (Financial Statement, 1877-78, paragraphs 78 and 79)—

“The weak point in those measures (*i.e.*, the Contracts of 1871-72) was this, that, while they transferred to the Local Governments the responsibility for meeting charges which had an undoubted tendency to increase, the income of which the Local Governments had to dispose, although not quite a fixed amount, had little room for development. The difficulty has perhaps not hitherto been generally felt to a serious extent, because it has been met by economy and good management. It must, however, be felt hereafter, and, for this and for still more important reasons, I have always maintained that the system of Provincial Assignments established in 1871 ought to be applied not only to expenditure but to income. What we have to do is, not to give to the Local Governments fresh powers of taxation, but, on the contrary, to do all that we can to render fresh taxation unnecessary, and to give to those Governments direct inducements to improve those sources of existing revenue which depend for their productiveness on good administration.

“I have a strong conviction of the financial importance of this matter, and the importance is not merely financial, if I am right in believing that better administration would give us a

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large additional revenue of a thoroughly unobjectionable character, without the country feeling that any new burdens had been imposed upon it

"How is this better administration to be obtained? The answer seems to me simple—it can be obtained in one way only,—not by any action which gentlemen of the Financial Department, or any other Department of the Supreme Government, can take while sitting hundreds or thousands of miles away in their offices in Calcutta or Simla,—not by examining figures and writing circulars,—but by giving to the Local Governments, which have in their hands the actual working of these great branches of the revenue, a direct and, so to speak, a personal interest in efficient management. It may be very wrong, but it is true, and will continue to be true while human nature remains what it is, that the local authorities take little interest in looking after the financial affairs of that abstraction, the Supreme Government, compared with the interest which they take in matters which immediately affect the people whom they have to govern. When Local Governments feel that good administration of the Excise and Stamps and other branches of Revenue will give to them, and not only to the Government of India, increased income and increased means of carrying out the improvements which they have at heart, then, and not till then, we shall get the good administration which we desire, and with it, I am satisfied, we shall obtain a stronger and more real power of control on the part of the Central Government than we can now exercise."

4 Under this Contract, the revenue derived from the following additional heads was made over to Local Governments —
 General Provisions of Contract of 1877
 Excise, Stamps, Law and Justice (Courts), and Miscellaneous (with the exception of a few special items), certain purely local sources of income, connected with Customs, Salt, and Marine, were also made Provincial in the Maritime Provinces. This was the general arrangement, in some Provinces special heads were added, such as Assessed Taxes in the Punjab, the receipts from Government Estates in the North-Western Provinces, and the special Land Revenue Receipts connected with Service Commutations, &c, in Bombay. The arrangement was not accepted by Madras, with which Province accordingly the old Contract of 1871 still remained in force. With Assam and Burma new Contracts were made with effect only from the year 1878-79. In Assam, instead of a fixed allotment one-fifth of the land revenue of the Province was assigned. In the case of Burma the following heads of revenue and expenditure were classed as joint revenue and expenditure, and were divided between Imperial and Provincial, in the proportions of five-sixths and one-sixth respectively —

Land Revenue (excluding Fisheries which were made entirely Provincial)

Forest Revenue

Export duty on rice

Salt Revenue

A further important addition in these Contracts was the recognition of Provincial responsibility for Productive Public Works, such as Railways and Canals. These were Provincialised in the North-Western Provinces and Bengal, which Provinces were authorised to impose a Local Cess to cover the cost of carrying on such works, including interest on capital expenditure. Subsequently the principle was extended to the Punjab and the Central Provinces in respect of two Railways.

5 In making over the revenue from Excise, Stamps, and Law and Justice to the Local Governments, the Government of India reserved to itself a share in the future increase of those revenues. The figure, at which these revenues were to be assigned, was fixed for each year of the Contract, at an amount increasing by regular progression, and the Government of India also contracted to receive a half of any further increase, which might accrue in any year over and above this progressive figure, and to bear a half of any deficit. In the case of Bengal, however, in view of the burden which was imposed in respect of

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the interest on the Provincial Public Works expenditure, the Government of India agreed to forego any share in these revenues beyond the estimated annual increment

6 The Contracts thus made expired in March 1882, and were then renewed for, five years, additional heads of revenue such as
The Contracts of 1882—87 Forests and Assessed Taxes and more especially Land Revenue being included, and the principle of division of shares being more widely applied, so that both the Provincial and Imperial Governments had an interest in the growth of income from all the revenue-producing heads. The following quotation from the Financial Statement of 1882-83 (paragraph 39) explains the view taken by the Government of India of this further extension of the principle —

“In the first place, all the new Provincial settlements have now been based upon the principle, which was adopted in 1879 in respect to Burma. That principle is that, instead of giving Local Governments, as heretofore, a fixed sum of money to make good any excess of Provincialised expenditure over Provincialised receipts, a certain proportion of the Imperial revenue of each Province is, for the future, to be devoted to this object. Certain heads, as few in number as possible, are wholly, or with minute local exceptions only, reserved as Imperial. Others are divided in proportions, for the most part equal, between Imperial and Provincial. The rest are wholly, or with minute local exceptions only, made Provincial. The balance of revenues and charges thus made Provincial, being against the Local Governments, will be rectified for each Province by a fixed percentage on its Land Revenue (otherwise reserved as Imperial), excepting in the case of Burma, where the percentage will be extended to the Imperial rice export duty and the Salt Revenue also. The advantage of this system, over that which has hitherto generally prevailed, is that the Provincial Governments will be given a direct interest, not only in the Provincialised revenue, but also in the most important items of Imperial Revenue raised within their own Provinces.”

The Madras Government, which had declined to enter into the Provincial Contract in 1877, accepted the proposals now made to it, so that all the eight Provinces were included in this Contract.

7 In working out the Contracts with the different Governments, the revised
Mode of working out the estimate of the year 1881-82 was taken as the basis of Contract of 1882 calculation, where that estimate showed a deficit on the year's accounts, it was assumed that the Province was spending its balances and could attain equilibrium either by reduction of expenditure, or by growth of revenue, where a surplus was shown, the Province was generally allowed to enjoy that surplus in the new Contract. But this principle in its application was subject to certain modifications. A reorganisation of the Subordinate Judicial and Revenue Services was being worked out, which was to entail considerable increase of expenditure. Bombay had a sum of ₹44,000 added to its income to meet that increase. Madras and Assam were promised whatever sum would be necessary to meet it, the Punjab, Central Provinces, Bengal, and North-Western Provinces had to meet it out of the assignment made to them. In Madras, again, it was admitted that the expenditure on Public Works ought to be increased, and a sum of two lakhs of rupees was entered in the Contract to provide for this want. In the North-Western Provinces the annual surplus was very large, ₹20,16,700, this was reduced by fifteen lakhs of rupees. In Bengal, where an annual deficit of ₹17,27,300 existed, and had to be met by diminished expenditure, a further reduction of thirty lakhs of rupees was enforced, it being held that the expenditure on Public Works would still be abnormally high even after the reduction of 27½ lakhs had been effected. In Burma there was an annual deficit of ₹7,46,700, and it was held that this would be covered in a very short time by the rapid growth of revenue, and that, till equilibrium was attained, the Province could exist by drawing on its balances. In order, however, to ease off these reductions, additions were made

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to the balances possessed by these Provinces Bengal received a grant of 28½ lakhs of rupees, the North-Western Provinces received 5½ lakhs, and Burma 2 lakhs

8 The possession of large balances has not in all cases proved beneficial to the Province concerned Its natural effect is to create an impression of affluence, and to weaken the sense of the necessity of reverting to a reduced scale of expenditure, so that the annual income and outgoings may balance each other Where the balances are spent on the construction of such works that, when the reserve is exhausted, the works will have been completed or can be stopped, no injury ensues, but where the expenditure incurred is a permanent increase of establishments, the Province is liable to be left with an exhausted treasury and a recurring deficit This difficulty was accentuated by the issue of orders by the Secretary of State in 1883, laying down a minimum balance which each Province was to keep up as a safeguard against famine or any unexpected emergency, for the Provinces found that the sum, which they had thought they could draw upon to meet their excess expenditure till the growth of revenue placed them in equilibrium, was suddenly diminished by the amount which had to be set aside as a Reserve

9 The following figures show the annual surplus or deficit, and the initial balance with which each Province started at the beginning of the new Contract of 1882 —

Financial position of the Provinces at the commencement of the Contract

	Surplus or deficit	Provincial balance
	₹	₹
Central Provinces	+ 2,60,600	16,16,000
Burma	— 7,46,700	35,09,600
Assam	+ 1,09,000	10,39,900
Bengal	— 57,27,300	75,43,000
North-Western Provinces	+ 5,10,700	1,13,54,000
Punjab	+ 3,16,500	29,92,900
Madras	+ 2,24,000	17,09,400
Bombay	+ 6,84,000	32,19,100
	TOTAL	3,29,83,900

10 In the figured statement which follows, will be found an abstract of the working of this Contract in each Province On the side of Receipts, the Provincial income is set out under four heads The first column shows what the great revenue-producing heads have brought in,—that is to say, the Land Revenue, Excise, Stamps, Forests, Registration, License Tax, together with some small receipts from Salt and Customs, which are for the most part Imperial heads The next column shows the receipts under the Civil Departments, of which the chief component parts are Judicial fines, Jail manufactures, cattle pound fines and sales, school fees and the like The Public Works receipts are divided into (a) ordinary income, from ferry receipts, sales of old stock, &c, and (b) the net income from railways and canals, after setting working expenses against gross receipts On the expenditure side, the outlay on the Civil, *i.e.*, the Administrative Departments of Government, is shown apart from that on the Public Works Department, and under the latter the outlay on ordinary Public Works (*i.e.*, Roads and Buildings) is separated from the capital expenditure on Railways or Canals, and from the charges on account of interest on borrowed Capital It must further be explained that, in this statement, the figures for 1885-86 and 1886-87 are those of the Revised Estimate and of the Budget Estimate of those years The receipts and expenditure in each Province are compared with

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the assignment, but as the original assignment of 1882 has in every case been altered in the course of the period, sometimes very considerably, through the transfer of fresh items of receipt and expenditure to the Contract, the average figure for the five years has been taken in the first and last lines as the basis for comparison with the actual results

Statement of Provincial Revenue and Expenditure from 1882-83 to 1886-87

In Thousands of Rupees

	REVENUE					EXPENDITURE					
	CIVIL		PUBLIC WORKS		TOTAL	PUBLIC WORKS				TOTAL	
	Principal Revenue Heads	Other Departments	Ordinary	Railways and Irrigation, &c, not		CIVIL	Ordinary	Interest on Railway and Irrigation, &c, Capital	Capital Expenditure		
	1	2	3	4	5	6	7	8	9	10	
Punjab—											
Average Assignment	1,24,31	22 07	6 08	4	1 52,50	1,24 65	24,65	4		1 49,34	
1882-83	1 21,00	17,47	6,25	11	1 44,83	1 18,19	30 42	34	6,22	1,55 17	
1883-84	1,22 93	21,61	6,13	42	1,51 09	1 25,27	27,32	1,11		1,53 70	
1884-85	1,25 46	18,38	5 85	32	1,50,01	1,24 70	23,11	1,81		1,54 62	
1885-86 (Revised)	1,31,99	20 11	5,78	63	1,58,50	1,28,17	25 23	1,98		1,55,38	
1886-87 (Budget)	1,31,88	18,74	5,42	83	1,56 87	1,33,10	27 53	2,00		1,62 63	
Total of the five years	6 33,26	96 31	29,43	2,30	7 61,30	6,29 43	1,33,61	7,24	6,22	7,81,50	
Five times average Assignment	6 21,55	1,10,35	30 40	20	7,62,50	6,23,25	1,23,25	20		7,46,70	
North Western Provinces and Oudh—											
Average Assignment	2,27 94	19,24	9,44	23,90	2,85 52	2 24 90	29,33	26 12		2 80 35	
1882-83	2 32 43	18,22	12,74	85 05	2,98,44	2,14 81	31,72	26 48	33,67	3 06,63	
1883-84	2 40 87	21,27	10 51	35,56	3 08 21	2 28 09	40 82	26 67	48 40	3,43,08	
1884-85	2,39,47	17,39	8,89	41 73	3 07 48	2 32 95	36,36	27 25	17,62	3,14,38	
1885-86 (Revised)	2,39,94	17,34	9,65	22,56	2 89 49	2 34 67	34 63	27,00	17,19	3,13,49	
1886-87 (Budget)	2,41,03	18,40	9,00	24,43	2 92 86	2,37,61	34,17	27,52	12,19	3,11,49	
Total of the five years	11,93 74	92 62	50 79	1,59,33	14,96,48	11,48,13	1,77,70	1 34 92	1,29 27	15 90 02	
Five times average Assignment	11,39,70	96,20	47,20	1,44,50	14,27,60	11,24,50	1,46,65	1,30 60		14 01,75	
Central Provinces—											
Average Assignment	55,17	7,02	79	71	63,69	49 31	9,08	2 69		61,08	
1882-83	56,12	7,94	71	3 68	63,45	51,53	10,08	3 45	1	65 07	
1883-84	58 15	7,02	65	6,50	72 32	50,75	10,45	3 49		64 69	
1884-85	58 34	6,69	63	5,58	71 29	51 49	14,23	3,72		69 49	
1885-86 (Revised)	57 60	7,14	55	5,60	70 89	52 15	13,43	3 93		69 51	
1886-87 (Budget)	57,96	6,86	57	4,60	69 99	55,40	15,72	4,14		75 26	
Total of the five years	2 88,17	35,65	3,16	25,96	3 52 94	2,61,32	63 96	18,73	1	3 44,02	
Five times average Assignment	2,75,85	35,10	3,95	3,55	3 18,45	2,46,55	45,40	13,45		3 05 40	
Bombay—											
Average Assignment	2,57,58	20,05	6,31		2,83 94	2 47,53	29,57			2,77,10	
1882-83	2,58,03	17 32	7,16		2 82 51	2 47,91	34 87			2 82 78	
1883-84	2,81,02	17 97	7,10		3,06 09	2,56 28	36 94			2 93 22	
1884-85	2,76,92	17,95	8,17		3 03 04	2,60 71	42,01		22	3,02 94	
1885-86 (Revised)	2,96 63	20,11	7 99		3 24 73	2 72 69	35,51		10	3,03,30	
1886-87 (Budget)	2,87,84	20,68	7 53		3,16 05	2,77,72	46 99		36	3,25,07	
Total of the five years	14,90,44	94,03	37,95		15 32,42	13 15,31	1,96,32		68	15,12 31	
Five times average Assignment	12,87,90	1,00 25	31,55		14 19,70	12,37,65	1,47 85			13,85,50	
Madras—											
Average Assignment	2 00 50	17,59	1 78	—2,13	2 17,74	1,96 57	18,93			2,15,50	
Special grants											
1882-83	6,50	2 09 35	17 91	79	—2 12	2 32,43	1,93,59	21,36	1 03	2 21 03	
1883-84	2,50	2,13 50	15 70	1,47	—2,77	2 30 40	2 04 16	21 93	1 59	2,30,63	
1884-85	5 00	2,12,52	15 96	1,09	—3,92	2,30,65	2 09,39	29,72	1 24	2 40 35	
1885-86 (Revised)	5,00	2,26 55	16 22	1,12	—5 70	2,43,19	2,09,44	24 64	1 60	2,85,63	
1886-87 (Budget)	5 00	2 25 34	15 93	1,10	—4,12	2,43,25	2,13 60	24,65	50	2 40,20	
Total of the five years	24 00	10,87,26	81,72	5 57	—18,63	11,79,92	10 35,18	1,25,90	50	6 96	11 67,94
Five times average Assignment	10,02,50	87,95	8,90	—10 65	10,88 70	9,82 85	94 65				10 77 50

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Statement of Provincial Revenue and Expenditure, &c — (continued)

	REVENUE					EXPENDITURE				
	CIVIL		PUBLIC WORKS		TOTAL	CIVIL	PUBLIC WORKS		TOTAL	
	Principal Revenue Heads	Other Departments	Ordinary	Railways and Irrigation, &c, net			Ordinary	Interest on Railway and Irrigation, &c, Capital		Capital Expenditure
1	2	3	4	5	6	7	8	9	10	
Bengal—							(a)		(a)	(a)
Average Assignment	2 86 84	45,59	7,05	17,64	3,57,12	2 72,66	50,75	33 71		3 57,12
1882-83	2 95 25	47 48	7,36	21 66	3 71,75	2 84 46	70,17	35,40	35 63	4 25 71
1883-84	2 98 48	47 26	7,91	20 29	3 73 94	2 86 87	50,42	37 95	13 30	3 88 44
1884-85	2 98 56	48 60	12,61	16 88	3 76,65	2 85 19	32 81	39,86	3,34	3 71,50
1885-86 (Revised)	3 01,26	49 07	7 22	20 92	3 78,47	2 96,12	30 55	41 98	5,08	3,73 75
1886-87 (Budget)	3 01,85	49 40	7 44	24 18	3 82,87	3,00,43	34,75	43,59	4,75	3 83 52
Total of the five years	14 95 40	2,41 81	42,54	1 03,93	18 83 68	14,63 37	2 18,70	1,98,78	62,15	19,43 00
Five times average Assignment	14 34,20	2,27,95	35 25	88 20	17,85,60	13,63,30	2,53,75	1,68,55		17,85 60
Assam—										
Average Assignment	38 90	2 94	20		42,04	30,62	10,33			40,95
1882-83	39,13	3,06	16		42 37	29 70	11 28			40,08
1883-84	41 32	3 41	10		44 83	31 82	12,47		1,06	45 35
1884-85	42 52	3 41	5	—3	45 95	32 76	11,78	58	4,89	50 01
1885-86 (Revised)	42 14	3 44	6	—5	45,59	32 15	8,48	1,00	2,71	44 34
1886-87 (Budget)	42,80	3 54	6	+1	46 41	33,83	14,17	1,05	48	49,53
Total of the five years	2 07,91	16 88	43	—7	2 25 15	1 60 26	58 18	2,63	9 14	2,30,21
Five times average Assignment	1 94,50	14,70	1,00		2,10,20	1,53,10	51,65			2 04,75
Burma—							(a)			(a)
Average Assignment	86 62	8 95	1 10	2,97	99,64	67 99	26 06	5,59		99 64
Special Grants										
1882-83	86,52	7 99	57	—2,72	94 36	75 19	31,20	6 00		1,13 29
1883-84	94 61	6 63	49	+1 10	1,07 00	76 47	29 19	8 53		1 14 19
1884-85	81 58	6 94	69	+1 73	97 60	76 17	20 25	9 92	23	1,06 57
1885-86 (Revised)	84 55	7 73	48	+3,23	98 29	74,04	13 53	10,72		93,29
1886-87 (Budget)	85,20	7 65	46	+5 71	99 02	75 99	12,09	10,03		99,01
Total of the five years	4 34 46	36 94	2 69	9 05	4 96 27	3,77,86	1,06 26	47 00	23	5,31,35
Five times average Assignment	4 33 10	44 75	5 50	14,80	4 98 20	3,39,95	1,30 30	27 95		4,93,20
Total for all Provinces										
Special Grants										
Total of the five years	67 10 64	6 95 96	1 72,56	2,81,87	79 28,16	63 90,86	10,85,03	4 09,80	2 14 66	81 00 35
Five times average Assignment	63 89,30	7,17,25	1,63,75	2,40,65	75,10 00	60,69 65	9,95,00	3 40,75		74,05,40

(a) The figures in columns 7 and 10 for Bengal and Burma have been reduced and the Capital Expenditure (column 9) for Bengal has been struck out so as to make the assignment (which assumed that an existing deficit would be met by decreased expenditure) work out to equilibrium.

N.B.—Figures for average assignment.—Where additional grants have been given or the original grants have been modified in years subsequent to that from which the Contract ran, one fifth of these additional grants or of the modifications of the original grants has been added to or deducted from as the case may be, the original grants, and the net result shown as the 'Average Assignment'.

Subsidised Railways.—The charges on account of these Railways have been included in column 8, "Interest on Capital."

Contributions have been shown as Civil Receipts "Other Departments" or Civil Expenditure, for Madras, Bombay, Burma, and the Punjab, and as Public Works Ordinary Expenditure for Assam and the Central Provinces, and have been divided between the Civil and Public Works heads for Bengal and the North Western Provinces.

Madras Water Works.—The charge on this account includes interest, but the whole has been classed as "Capital Expenditure."

Miscellaneous Railway Expenditure has been classed under "Capital Expenditure."

Famine Relief.—The charges on this account have been classed as Public Works "Ordinary."

Agricultural Works Expenditure Bengal, has been classed under Public Works "Ordinary," being covered by receipts which are shown in column 3.

11 The result of the five years working has been, that in the eight Provinces taken together, the total revenue has exceeded five times the assignment by Rs.4,17,21,000, or 5.4 per cent, the total expenditure has exceeded five times the assigned figure by Rs.6,94,95,000, or 9.4 per cent, the actual expenditure of the five years, or Rs.1,00,35,000, has exceeded the actual revenue or Rs.79,28,16,000 by Rs.1,72,19,000, and the Provincial balances have been reduced by this amount. The income

Summary of Provincial Contracts

from the revenue-producing heads alone has increased (as compared with five times the assignment) by Rs. 51,34,000 or 55 per cent while that from the Civil Departments has fallen off by Rs. 21,29,000 or 3 per cent. The income from ordinary Public Works has increased by Rs. 81,000 or 54 per cent, and the net income from railways and canals by Rs. 11,22,000 or 171 per cent. The expenditure under the heads of the regular Civil Administration has exceeded five times the assignment by Rs. 21,21,000 or 53 per cent that on ordinary Public Works by Rs. 90,03,000 or 92 per cent, while the charge for interest has grown by Rs. 69,05,000 or 203 per cent. On the construction of new works a capital outlay of Rs. 2,14,66,000 has been incurred for which no provision was made in the assignment. These two latter sums very nearly equal the amount provided in the assignment as annual surplus, added to the sums by which the Provincial Balances have been reduced, so that it may be broadly said that, during the five years passed, the surplus provided in the contract and the excess by which the balances exceeded the fixed minimum have been used in new construction and in meeting the growth of interest on Imperial capital lent to the Provinces for the construction of productive works, while the normal growth of the revenue has been almost entirely devoted to the growing demands of administration. The figures may be summarised and compared as follows —

	Lakhs of rupees	Met by	Lakhs
Increase of expenditure on capital construction	215	Reduction of Balance	172
Increase of Interest charges	69	Utilisation of assigned surplus	116
		TOTAL	288
TOTAL	284		
Increase under Civil Heads of Administration	321	Increase in Civil Branches of Revenue (including Public Works Ordinary)	339
Increase in Ordinary Public Works	90	Net increase, Railways and Canals	41
		Special grants	37
TOTAL	411	TOTAL	417

12 The next table gives in a brief form an abstract of the preceding one, and shows for each Province what the increase over the assignment has been in the five years, and what the percentage of that increase has been.

Abstract Statement of increase and decrease of Provincial Revenue and Expenditure from 1882-83 to 1886-87

PROVINCES	ACTUALS AS COMPARED WITH ASSIGNMENTS											
	RECEIPTS						EXPENDITURE					
	Principal Revenue Heads		Other Civil Departments		Public Works		Civil		Public Works Ordinary		Public Works Interest	
	Increase + Decrease—	Per cent	Increase + Decrease—	Per cent	Increase + Decrease—	Per cent	Increase + Decrease—	Per cent	Increase + Decrease—	Per cent	Increase + Decrease—	Per cent
1	2	3	4	5	6	7	8	9	10	11	12	13
	(a)		(a)		(a)		(a)		(a)		(a)	
Punjab	+ 11,75	1 89	—14,04	12 72	+ 1,13	3 69	+ 6,18	99	+15,36	12 46	+ 7,04	35 20
N W Provinces	+ 54 01	4 74	— 3,58	3 72	+18 42	9 60	+ 25,13	2 24	+29,55	19 94	+ 4 32	3 30
U Provinces	+ 12,32	4 46	+ 55	1 56	+21,62	283 26	+ 14 77	5 99	+18,56	40 86	+ 5,28	39 25
Bombay	+1,12,54	8 73	— 6,22	6 20	+ 6,40	20 28	+ 77,66	6 27	+48,47	32 78		
Madras(b)	+ 84,76	8 45	— 6,23	7 08	—11,31	646 28	+ 52 33	5 32	+30 65	32 38	+ 50	(c)
Bengal	+ 61,20	4 26	+13 86	6 08	+23,02	18 61	+1,00,07	7 34	—35,05	13 81	+30,23	17 93
Assam	+ 13,41	6 89	+ 2,18	14 82	— 64	64	+ 7,16	4 67	+ 6,53	12 64	+ 2,63	(c)
Burma(b)	+ 1,36	31	— 7,81	17 45	— 8,61	42 30	+ 37,91	11 15	—24,04	18 44	+19,05	
TOTAL	+3,61,34	5 50	—21,29	2 96	+50,03	12 37	+3,21,21	5 29	+90 03	9 05	+69,05	20 26

N B —Capital Expenditure has been omitted here as there were no assignments made for such expenditure

(a) Thousands of Rupees

(b) The special grants have not been taken into account

(c) There being no assignment no percentage can be given

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Under the great revenue-producing heads of Land Revenue, Excise, Stamps, Forests and Registration, the general growth of Revenue has been 5.33 per cent or 1.066 per cent annually, it was largest in Bombay, next largest in Madras, and next in Assam the North-Western Provinces, Central Provinces, and Bengal follow pretty closely together, and it was least of all in the Punjab and in Burma. The receipts under other Civil Departments have fallen off everywhere except in Bengal, Assam, and the Central Provinces. The chief items here are judicial fines, jail manufactures, pound fines and sales, and ferry tolls these have generally diminished, the first through a decrease of crime, the second through the orders of the Government of India limiting the employment of prisoners on manufactures, orders now for the most part cancelled, and the fourth item through the completion of railway and other bridges which supersede the tolls. In treating of the expenditure heads it must be remembered that in some Provinces, especially the North-Western Provinces, a good deal of expenditure on education and medical services has been transferred to Local Boards, and that the figures in the table show, not actual increase, but excess above the assignment, so that where, as in the Punjab, any great increase in the cost of the administrative machinery has been accompanied by a special assignment of funds from the Government of India, the increase does not appear in this table, and in order to ascertain what the actual growth of expenditure has been, reference must be made to the remarks under the head of each Province later on. As far, however, as the figures in columns 8 and 9 of the above table can be used to indicate the growth of expenditure, it appears that the general rate of increase in all the Provinces has been 5.29 per cent or 1.058 annually, the highest rate has been in Burma, the next in Bengal, and after them come Bombay, the Central Provinces, Madras, and Assam. The expenditure on ordinary Public Works has fallen off in Bengal and Burma, as was to be expected from the circumstances explained in paragraph 7, but has increased largely elsewhere the greatest proportional increase has been in the Central Provinces, after which come Bombay and Madras, and then the North-Western Provinces, Assam, and the Punjab. The charges on account of interest have grown in every Province, except Bombay, where as yet no productive works (Railways or Canals) have been Provincialised. The growth has been largest in Bengal, where it is chiefly due to the expenditure on the Orissa Coast Canal and the Assam-Bihar Railway, interest has fallen most heavily on Burma, the revenue of which was small and retrogressive.

13 We proceed now to illustrate and expand these somewhat too condensed figures and remarks, by giving at rather greater length, the financial history of each Province during the five years of the Contract, and the proposals, which we have based on that history and on the present position of each, regarding the terms on which the Contracts for the next five years should be made.

PUNJAB

14 The Provincial revenue of the Punjab has increased from Rs 1,44,98,300 in 1882-83, to Rs 1,59,43,000 (Budget Estimate) in 1886-87 or by 14½ lakhs but about 3 lakhs of that increase is due to special grants made from the Imperial Treasury to meet expenditure imposed on the Province in connection with the reorganisation of the Judicial Service, the new establishment of Kanungos, the road from Murree towards Cashmere, and some other smaller items. It has been shown in the table in paragraph 10 that the total Provincial Revenue of the five years fell below the

Summary of Provincial Contracts

total assignment for those years by Rs1,20,000 The chief heads of increase and decrease are as follows —

	Rs
Land Revenue, due to re-settlements made in the last two years	+2,65,000
Stamps	+45,000
Excise	+1,25,000
Provincial Rates	+53,000
License Tax	+82,000
Forests	+2,26,000
Law and Justice (i.e., Judicial fines and Jail receipts)	-9,51,000
Police	-45,000
Education (i.e., school fees)	+1,12,000
Scientific and Minor Departments (receipts from an experimental farm and from horse fairs)	+1,68,000
Interest on loans	-1,02,000
Stationery and Printing	-1,09,000
Contributions from Local Funds	-4,75,000
Public Works receipts (rents and ferries)	-97,000

Thus there was a loss on certain heads of 17½ lakhs to be set against a gain on other heads of only 11 lakhs, the increased revenue from Railways and the larger receipts through the inter-provincial adjustments made up nearly 5½ lakhs of the difference, and the Province was thus left somewhat worse off than had been anticipated when the assignment was made

15 The entire expenditure of the five years exceeded the amount assumed in the Contract by Rs34,80,000 or thirty-five lakhs. Of this excess, thirteen lakhs are due to the Amritsar-Pathankot Railway (six for construction and seven for interest on capital), which has been hitherto a losing concern and of which the Province is now to be relieved. Fifteen lakhs are due to Public Works, which the Local Government has carried on more liberally than in previous years. The average expenditure, which was 21½ lakhs before 1882, was 27½ lakhs during the period of the Contract. On the Revenue and Civil Heads,—that is, in the general work of the Administration,—there has been a much greater increase of expenditure than these figures show, mainly due to the reorganisation of the Commission, the improvement in the pay and position of Tahsildars and Munsifs, and the creation of new Kanungos to keep up the accuracy of the Revenue Record.

The figures for each head in which there has been any considerable increase or decrease are as follows —

	Rs
Land Revenue	+2,26,000
General Administration	+1,17,000
Law and Justice	-2,42,000
Police	-1,95,000
Education	+4,45,000
Scientific and Minor Departments	+1,03,000
Superannuations	+2,77,000

The general result has been an increase under these heads of about six lakhs of rupees. On the whole the expenditure of 1886-87 stands in the Budget at Rs1,65,19,000, or ten lakhs above the figure of 1882-83, the first year of the Contract, and nearly six lakhs above the revenue of the current year.

16 We took the Budget of 1886-87 as the basis of our calculation, subject to the Revised Estimate which will come in later. ^{Estimate of revenue for the future Contract} we added one lakh to the Provincial share of land revenue, on account of new Settlements now coming into force, we deducted nearly one lakh from Excise and half a lakh from Forests, where the revenue was probably over-estimated, half a lakh from Jail receipts, because of the increasing difficulty of employing the prisoners, now that the great works at the head of the Sutind and Chenab Canals are closed, and half a lakh from Civil

Summary of Provincial Contracts

Works, because of the approaching exhaustion of one source of revenue, the sale of "Nazul" or Government properties. The total result is to bring out an estimate of revenue less than the current year's Budget by nearly two lakhs.

17 We calculate the future expenditure at about $7\frac{1}{2}$ lakhs below the Budget of 1886-87, that estimate, however, was considerably in excess of the outlay of preceding years, having been pitched high in order to spend the balance in hand, and to make up for the enforced contraction of 1885-86. We reduced the allotment for Survey, Excise, Jails, and Miscellaneous by Rs 1,96,000 on account of over-estimating. We took off Rs 19,000 on account of the abolition of the Military Secretary, consequent on the transfer of the Punjab Frontier Force to the Commander-in-Chief, Rs 12,000 from Law and Justice, the provision having been made for tempo-

	Rs
Survey	36,000
Excise	40,000
Jails	20,000
Jails (under Police)	16,000
Miscellaneous	84,000

rary Judges and for an additional Judge who has not been sanctioned, Rs 75,000 from Education on account of a building grant to the Punjab Chiefs' College which will not be a permanently recurring charge, and Rs 11,000 from Vaccination, because of the transfer of supervision, to some extent, to Civil Surgeons. In this way we obtained a reduction of $3\frac{1}{2}$ lakhs. The remaining 4 lakhs, required to produce equilibrium, we retrenched from the Public Works Grant, bringing it down to $23\frac{1}{2}$ lakhs. This sum, after providing for the obligatory expenditure on Establishment and Repairs, leaves $5\frac{1}{2}$ lakhs for Original Works, and the total, though considerably less than the average expenditure of the last four years, is only slightly below the amount which, in making the last Contract, it was assumed that the Province could afford to spend, and 2 lakhs in excess of the average expenditure of the preceding Contract.

18 The reductions in expenditure summarised above are mostly due, as will have been seen, to correction of errors in the Budget, or to retrenchments already ordered or arranged for by the Local Government. Besides these, the following is a list of the reductions we have recommended, but which we have not taken into account in framing the Contract, as it has not yet been decided whether they are to be carried out or not —

Provincial Rates — Fees to Lumberdars and Patwaris for collecting to be reduced

Excise — Abolition of a Darogha on from Rs 25 to 50 per mensem for each District

Stamps and Registration, do not afford sufficient work for one Inspector General, and the office should be combined with some other one, such as the Inspector Generalship of Jails, or else the salary (Rs 1,500) should be lowered to about Rs 800

Registration — Allowance to Tahsildars, to be withdrawn in cases where they do no registration work

General Administration — The cost of the journey to and from Simla, and of residence there, to be decreased. This is treated in a separate note on "Hill Allowances," in Vol II, Chapter XIII, Section E

Pay of the office establishment of the Financial Commissioner and of Commissioners of Divisions to be reduced

Law and Justice — Cantonment Magistrates to be abolished in certain cantonments, and the judicial work to be done by the ordinary District Staff, an allowance for executive duties being given to a Military Officer.

Police — One of the three Deputy Inspectors General to be dispensed with. The District Superintendent employed in the Inspector General's

Summary of Provincial Contracts

Office to be replaced by a Head Clerk Duties of the District Superintendent in charge of Special Police to be taken over by the Thuggee and Dacoity Department

The number of Assistant Superintendents of Police to be reduced to what is necessary to supply vacancies among District Superintendents

Medical—The posts of Inspector General of Civil Hospitals and of Sanitary Commissioner, to be amalgamated

The Assistant Civil Surgeon at Delhi to be dispensed with or to be paid for by the Civil Surgeon

The total saving to be effected by these reductions is estimated at Rs. 1,88,000

19 With regard to the future working of the Contract, we found that the

Prospects of the Province under the new Contract

Settlement of a large number of districts has expired, and it is estimated that during the next five years the

Land Revenue will be increased by $17\frac{1}{4}$ lakhs of rupees, the Provincial share of which will make the finances easier. The points, in which, financially considered, the Punjab Administration seemed to us open to criticism, were chiefly those which relate to the management of Settlement and Excise questions. The Province would have been more prosperous, if steps had been taken earlier to make ready for re-settlement, for we found that the Settlement of many districts had fallen in, in some cases several years ago, and it is estimated that 13 lakhs a year more would now be coming in as Land Revenue, had the new Settlements been ready to take effect as the old ones fell in. Moreover, if the Patwaris had been trained, so that their services could have been more fully utilised, it would not have been necessary to provide five lakhs of rupees a year for the payment of five Settlement Parties. We found also that the Excise Revenue in the Punjab has not advanced, as it has in all other Provinces in India, the principles on which the cultivation and sale of opium should be based are not fixed, and the improved methods applied in other Provinces to the management of the spirit licenses, and as to co-operation with the Native States scattered through British territory, have not been adopted.

NORTH-WESTERN PROVINCES

20 It has already been shown (paragraph 10) that the revenue of the North-Western Provinces during the five years exceeded the assignment by Rs. 68,88,000, or about 69

Past revenue

lakhs of rupees. Of this increase 15 lakhs are due to the greater producing power of the Railways and Canals, $3\frac{1}{2}$ lakhs to receipts from Public Works (mostly the Roorkee Workshop), while the remainder is due to the different Civil Departments. The figures for the various heads under which any considerable increase or decrease took place, either on the receipt or expenditure side, are as follows —

	Receipts R	Expenditure R
Land Revenue	+5,23,000	
Stamps	+9,20,000	+72,000
Excise	+28,33,000	-1,21,000
Forests	+11,89,000	+1,56,000
General Administration		+3,02,000
Law and Justice	-2,32,000	+2,99,000
Police		+5,42,000
Education	-2,44,000	-22,13,000
Medical		-9,00,000
Scientific and Minor Departments		+2,28,000
Superannuations		+10,00,000
Stationery and Printing	-2,11,000	+2,40,000
Miscellaneous	+4,58,000	
Contributions to Local Funds		+29,38,000
TOTAL CIVIL HEADS (including minor variations not specified)	+50,46,000	+23,63,000

Summary of Provincial Contracts.

The increase in the receipts under Land Revenue is due to the improvement in the Government estates in the Terai, under the Himalayas, the growth in Stamps and Exise is mainly attributable to the increasing wealth of the people, and that in Forests (on which an increased outlay of 1½ lakhs took place) to better management and higher demand for timber. Fines and Jail receipts fell off here as elsewhere. In Education and Medical the decrease both in receipts and expenditure is due to transfer of these charges to Local Funds, and is balanced by larger charges under the heads of Police and Contributions. The gross estimated revenue of the current year stands higher by 17 lakhs than it did in 1881-82 of this 12 lakhs are due to the revenue-producing heads, and the rest to State Railways.

21 The expenditure of the five years exceeded five times the Contract estimate by Rs. 1,88,27,000. The greater part of the increase in the outlay was incurred on the construction of Railways (104 lakhs) and Canals (25 lakhs), interest charges increased by four lakhs, and Ordinary Public Works are answerable for about 31 lakhs of increase, besides the amounts contributed to, and spent by, Local Boards. The figures set out in the preceding paragraph show that there has been very little increase in the outlay on the great Administrative Departments. On the other hand, the apparent decrease, in two cases, only means that much of the expenditure on Schools and Dispensaries was transferred to Local Boards. In the last year of the Contract, the gross estimated expenditure stands 41 lakhs higher than in 1881-82, of this, 12 lakhs are Capital expenditure on Railways, 11 lakhs are contributions to Local Boards, 4 lakhs are due to Superannuation Pensions, and only 4 to the growth of Administrative Expenditure.

22 We made very little alteration in the Provincial estimate of revenue, which we place (subject to the revised figures) at Rs. 31,81,000. The estimate of Expenditure we reduced from Rs. 33,12,000 to Rs. 22,19,000, thus showing a surplus of Rs. 12,63,000, which is the measure of the gain to the Imperial Treasury by the revision of the Contract. The nature of the reductions, which we made, is as follows —

Item	Reduction Rs.	Reasons
Refunds	21,000	Past averages
Village Officers	27,000	Ditto
General Administration	5,000	Non-recruiting expenditure on furniture
	15,000	Reduction of expenses of journey to and residence at Naini Tal
Jails	65,000	Over-estimate, as compared with average of past years
Education	46,000	Over-estimate
Miscellaneous	11,000	Average of past years
Contributions to Local	5,54,000	Practically a reduction in Public Works
Minor Irrigation	50,000	Non-recruiting expenditure on the Rohilkhand Canals
Civil Works	1,13,000	Expenditure reduced nearly to that of 1881-82, before the Contract
TOTAL	9,13,000	

These reductions, it will be seen, consist chiefly of a contraction of the expenditure on Public Works.

There is also a special condition in the Contract, that the Province should receive from Imperial a grant of 12 lakhs in the first three years, to meet the expenditure on restoring the Nadai aqueduct, which carries the Lower Ganges

Summary of Provincial Contracts

Canal over the valley of the Kálinadi By the third year it is expected that this work will be complete, and the canal will begin to bring in the full revenue which it is capable of producing

23 The following are the reductions which we have recommended but
Recommendations as to further reductions which we have not taken into account in framing the Contract, as we are not yet aware whether they will be carried into effect —

Stamps —Reduction of a second Moharrim in 20 districts

Excise —Opium sold to the Treasurer, for retail vend, to be paid for at a higher rate than when sold to licensed vendors who pay large sums for the right to retail

Still-head duty, which is only R1 per gallon, of whatever strength, to be increased

Board of Revenue —Reproduction of village and other maps to be transferred to the Survey Department

Small Cause Court Judgeships, to be filled by the Subordinate Judicial Service, and the special salaries of R1,000 and R1,200, which were fixed with the intention of appointing Covenanted Civilians to the posts, to be reduced

Cantonment Magistrates, to be replaced by the ordinary Judicial staff where possible

Jails —Commission of Jailors to be calculated on actual cash transactions, not on estimated value of goods unsold

Police —Separate Police hospitals to be abandoned, and wards to be set apart for the Police in the ordinary dispensaries

Transfer to Municipalities of charges equal to the relief given by taking over their Police, or R2,07,000 (At present charges amounting to R1,30,000 only have been made over to them)

Education —The Benares College to be turned into an Aided Institution
 Native Inspectors of Schools to be substituted for the present expensive European staff of officers

Medical —Assistants to Civil Surgeons at four places to be abolished or to be paid for by the Civil Surgeons themselves

Allowances to Civil Surgeons for medical attendance on Colleges to be withdrawn

Sanitary Commissioner and Inspector General of Civil Hospitals to be amalgamated

Agricultural Department —A cheaper Assistant to be provided for the Director of Agriculture, instead of a senior officer in the Oudh Commission as at present

Stationery and Printing —The present Superintendent of the Government Press to be replaced by a cheaper man, who should also be a technical expert

The savings to be effected by these reductions are estimated at R1,73,000.

24 The Settlements of several districts are beginning to fall in, and the
Prospects under the new Contract revision of assessment is expected to produce about 20 lakhs of rupees, of which however only a small part will accrue within the term of the present Contract In two districts

Summary of Provincial Contracts

Settlement is now going on on the old expensive fashion at a cost of about Rs40 per square mile, but in the districts, which will fall in subsequently, it is believed that the Patwaris are sufficiently instructed and the village papers good enough for the Settlement to be made by their means. Thus the Province will gain considerably both in increased revenue and in lessened expenditure.

25 Our review of the finances of the North-Western Provinces left on us the impression that in no part of India had economy been more carefully studied, or efficiency of administration brought to a higher pitch. The whole resources of the Province have been devoted to carrying out a great system of railways, which have, we believe, made the country almost safe from famine in its worst aspects, and though there has been a stricter determination than elsewhere not to allow money to be spent on increase of establishments, we did not detect that any injurious effect had arisen from this economy. The only deficiency we noticed was that the scheme for carrying out the re-settlement of the Province on the cheaper and reformed system, now made possible through the improvement in the Patwari agency, had not been completely drawn up, but this omission will, we believe, soon be remedied, and the result will be that the Government of India will not find it necessary to provide the full sum which we have entered against the head of Survey and Settlement.

CENTRAL PROVINCES

26 The revenue of the Province during the five years of the current Contract has exceeded the assignment by Rs31,49,000, or 34½ lakhs of this, 22½ lakhs are due to the net income of the Nagpore-Chattisgarh Railway (against which, however, on the other side, an increase of 5½ lakhs for interest charges must be set, leaving the Province actually the better by 17½ lakhs of rupees), and 12½ lakhs fall under the revenue-producing heads, and Civil Departments, while there has been a decrease of ¾ of a lakh under Ordinary Public Works. The chief items of increase or decrease, in the Civil heads, whether on the revenue or expenditure side, are as follows —

	Receipts R	Expenditure R
Land Revenue	+1,12,000	+5,76,000
Stamps	+4,10,000	
Excise	+10,16,000	
Provincial Rates	—3,02,000	
Forests	+98,000	—3,00,000
Law and Justice	—2,58,000	+70,000
Police		+8,89,000
Education	+1,83,000	—63,000
Medical		—96,000
Scientific and Minor Departments		+1,58,000
TOTAL CIVIL HEADS (including minor variations not specified)	+12,87,000	+14,77,000

In Land Revenue there is hardly any increase, as no Settlement has fallen in during the period, but large preparations have been made for those about to fall in, and the survey and re-settlement work accounts for most of the increased expenditure under this head. There has also been an increase of cost in

Summary of Provincial Contracts

several branches of the Revenue Establishments, notably in the number and pay of the Tahsildars Stamps and Excise show a steady growth, which is attributable to prosperity and good seasons, the falling off in Provincial rates is owing to a transfer to Local Funds, and the decrease in Law and Justice is explained, as elsewhere, by fewer fines and lessened profits from jail manufactures The gross Revenue of the last year of the Contract rose to 80½ lakhs, against 66½ in 1881-82, but of this increase 11 lakhs are due to the gross receipts from the Railway

27 The expenditure of the Province has been kept below the income during every year except the last, and on the total expenditure of the five years a surplus of nearly 9 lakhs has accrued As compared with the assignment the expenditure has increased by 38½ lakhs of these 5 lakhs are the interest charges already referred to, and 18½ lakhs are on account of ordinary Public Works, the average expenditure on which has been 12¼ lakhs a year, against 9 lakhs in 1881-82 The rest of the increase, 15 lakhs, has accrued under the different Civil Departments, of which a detailed list has already been given with explanations in certain cases The cost of the Police exceeded the assumed figure by 9 lakhs, mostly on account of the transfer of charges previously borne by Municipalities The creation of an Agricultural Department accounts for 1 lakh of rupees Altogether, at the end of the five years, the Administrative Heads have grown by 6 lakhs a year and Public Works expenditure by the same amount In the Budget of 1886-87 Expenditure exceeds Revenue by 5¼ lakhs

28 In framing the Contract, we made no alteration whatever in the estimate of receipts, except as regards the item of inter-provincial transfers the Provincial Revenue stands at R80,66,000 On the expenditure side, we lowered the total from R85,66,000 to R78,81,000, or by R6,85,000 altogether The details are contained in the following list —

R			
Depnty Commissioners'			
Establishments	44,000	On account of over-estimate	
Jails	27,000	Ditto	ditto
Police	15,000	Ditto	ditto
Education	30,000	Ditto	ditto
Medical	7,000	Ditto	ditto
Scientific and Minor			
Departments	18,000	Amalgamation of Director of Agriculture with Settlement Commissioner	
Public Works	4,95,000	Chiefly under original works for which only two lakhs are provided by us	
Contributions	47,000	Principally intended to assist Local Boards in carrying out minor works	

It will be seen that the only real reduction consists in the amalgamation of the Director of Agriculture with the Settlement Commissioner and in the contraction of expenditure on Public Works With regard to the latter, it must be explained that the amount provided, 10 lakhs, is a lakh in excess of the expenditure assumed in the Contract of 1882, and the effect is to put the Province back to nearly where it stood when the Contract began, and to leave it to rely on its future growth of revenue to enable it to expand its outlay on Public Works The result is that the Province surrenders R1,85,000 to the Imperial Treasury

Summary of Provincial Contracts

29 We had not many proposals for reduction to make besides those taken account of in the Contract and summarised above. Further reductions recommended We proposed the abolition of the Cantonment Magistrates of Saugor and Kamptee, the judicial work being done by the general staff of the Province, and we recommended some reduction in the pay of one of the Small Cause Court Judges and in the establishment of another. Some small economy will be produced by a revision of the Travelling Allowance Rules as applied to the journey of the Local Administration to Pachmarhi, and some increase of revenue may be looked for by establishing an Excise control over the export of ganja to the North-Western Provinces and to Bombay. Something, too, may be recovered from the Municipalities who were relieved of Police expenditure amounting to Rs. 1,11,000, but took over in exchange charges amounting only to Rs. 23,000. We estimate the total savings from all these reductions, if carried out, at Rs. 21,600.

30 The future prospects of the Province are on the whole better than they were in 1882, because though we have been instructed to take the Nagpore-Chattisgarh Railway out of the Provincial Contract, and therefore this great source of profit, which netted 17 lakhs to the Province in the last five years, is now lost to it, on the other hand, the Settlements of many districts are now falling in, and the re-assessments are expected to raise the Land Revenue by about 3½ lakhs a year by the end of the next five years, and to bring in altogether an increase of 11 lakhs during the term of the Contract. The re-settlement is being carried out on the most approved principles, the Patwaris having been taught to survey, and the village Records being accurately compiled, and it is estimated that the whole work will be done, survey and assessment included, at the rate of Rs. 100 per square mile or less. The arrangements made are such that in most districts the new assessment will take effect as soon as the Settlement expires, and, where this is not done, a temporary Settlement is made, so that Government may not lose the share in the increase from the land to which it is entitled.

31 The general impression left upon us was that the Central Provinces are carefully and economically administered. In respect of the introduction of a cheap and efficient method of effecting Survey and Settlement through the improved agency of Patwaris, and of making preparations for this work in time so that no Revenue may be lost by delay in re-settlement, they stand ahead of any Province in India.

BOMBAY

32 The Bombay figures are usually obscured by the inclusion of a large paper receipt and expenditure of about 73 lakhs on account of "Assigned Revenue,"—that is, the grant of land wholly or partly free of land revenue. We exclude these for the sake of clearness in the following remarks. The actual revenue collected in the five years exceeded the assumed amount by Rs. 1,12,72,000 or nearly 113 lakhs, and the actual expenditure exceeded the assumed amount by Rs. 1,26,81,000 or nearly 127 lakhs, but fell short of the actual revenue by 20 lakhs. This sum was, however, contributed to the Imperial Treasury during the current year, and the Province ends the period with its balance at the same figure as at the beginning, or 32 lakhs. Of the increased Revenue, 6 lakhs are due to Public Works receipts, mainly from tolls on the roads. The rest of the increase has accrued

Summary of Provincial Contracts

under the different Civil heads, and the principal details, both as to receipts and expenditure, are shown below —

	Receipts R	Expenditure R
Refunds		+ 3,47,000
Land Revenue	+ 38,14,000	+ 9,20,000
Silt		+ 5,57,000
Stamps	+ 7,09,000	
Excise	+ 41,96,000	+ 1,31,000
Customs	— 1,53,000	— 2,06,000
Assessed Taxes	— 1,62,000	
Forests	+ 5,63,000	+ 11,97,000
Registration	+ 2,07,000	+ 1,15,000
Law and Justice	— 8,69,000	— 3,34,000
Police	— 66,000	+ 15,25,000
Education	+ 1,97,000	+ 12,71,000
Medical	+ 63,000	+ 5,51,000
Scientific and Minor Departments		+ 3,07,000
Superannuation	— 50,000	+ 5,69,000
Stationery and Printing	+ 92,000	+ 2,37,000
Miscellaneous	— 55,000	
Contributions to Local		+ 2,97,000
TOTAL CIVIL HEADS (including minor variations not specified)	+ 1,06,32,000	+ 77,66,000

The increase in the Land Revenue was partly due to good seasons, and partly to the re-settlements which have been in progress throughout the period. The increase in Excise is due to excellent administration under which many important reforms have been carried out, and that in Forests to great strictness in asserting the rights of Government over the Forests. The revenue stands higher in the current year than it did five years ago by 32 lakhs.

33 Turning to expenditure, the largest part of the increase of Rs. 1,26,81,000, or 127 lakhs above the assignment, has been incurred under Public Works, on which 48½ lakhs more than the assumed figure were spent. There has, however, been an increase, and in some cases a considerable one, in the expenditure of almost all the Administrative Departments, the main items of which have been entered above. In the case of Forests, Excise, and Registration, the outlay has been specially undertaken in order to promote the growth of revenue, and the net receipts have increased, in other cases the increase is due generally to the demands of improved administration, or to larger grants to Municipal and Local Funds. The main growth is under Police and Education, and is chiefly due to a more liberal treatment of Local Boards and Municipalities. The decrease shown under Law and Justice is really due to Jails, the number of prisoners having much decreased. There has been an increase of cost on account of Law Courts. The expenditure of the last year of the Contract exceeds the assignment by 48 lakhs, but it was specially swelled by the desire of working off the accumulated balances.

34 In framing the figures for the future Contract, we estimated the Provincial revenue (subject to correction on receipt of the Revised Estimate) higher by nearly 3½ lakhs than the Budget for the current year, mainly on the ground that the Budget figures for Excise and Forests are too low, and will probably be exceeded. The Stamps estimate, on the other hand, we decreased, as the current year's Estimate is swelled by a non-recurring item, and we made some small changes in other Departments for similar reasons. On the expenditure side, we have calculated that a

Summary of Provincial Contracts

retrenchment of nearly 33 lakhs can be effected The following list contains all but the smallest items of reduction —

Items	Amount R	Reasons for reduction
Collectors and Establishments	54,000	Partly over-estimate, partly the amalgamation of the two posts of Collector of Bombay and Collector of Customs
Salt	74,000	Over-estimate
Customs	15,000	Amalgamation of the two Collectors as above
Stamps and Registration	29,000	Abolition of the Inspector General of Registration (whose post is to be amalgamated with that of the Inspector General of Jails) and reduction of the establishment of the Bombay Registrar
General Administration	25,000	Reduction of Hill Allowances and abolition of the second Assistant to each of the three Commissioners
Law and Justice	57,000	Partly over-estimate, partly reduction in Cantonment Magistrates and Small Cause Courts
Jails	41,000	Over-estimate, and reduction of five small Jails
Police	2,04,000	The whole is due to over-estimating
Marine	47,000	Abolition of the steamer <i>Jhelum</i> and its flat, on the Indus, accounts for about half the rest is a transfer (with which go corresponding receipts) of a tug and some pilot brigs at Karachi to the Port Trust.
Education	2,67,000	This is made up of a large number of items, chiefly grants-in-aid, building grants, and recently increased expenditure on technical instruction, the reduction of which we suggested, also the abolition of some Vernacular Translators
Medical	83,000	R16,000 due to cost of diet in lunatic asylums, which has grown unnecessarily the rest to over-estimates and non-recurring items
Stationery and Printing	28,000	Rent of Press, for which a new building is being constructed
Miscellaneous	77,000	R46,000 are reduced, being provided this year for a special Forest Commission which is nearly ended, and R20,000 are transferred to Imperial on account of water supplied to the Troop-ships and Transports
Railway Survey	36,000	The work having come to an end
Public Works	19,99,000	Our calculation allows a sum equal to the average amount spent in the Contract of 1877—82, but necessitates a great reduction in original works
Contributions	1,39,000	This reduction mainly affects the grant to Local Primary Schools

35 The general effect of these proposals is, that the Province should contribute R27,06,000 to the Imperial Treasury. The Results of reductions and prospects of future Contract reduction is largest in the Departments of Public Works and of Education, in which the recent increase has been greatest, but as the Province has 12 lakhs in hand to spend without bringing its balance below the minimum, and as the revision of Land Revenue is expected to bring in an average annual increase of about 8 lakhs during the next five years, rising to 12 lakhs in the last year, we calculate that it will not be long before the Province is again in affluent circumstances. Stamps, Excise, and Forests will also probably be heads, under which the revenue will continue to increase, though not perhaps so rapidly as in previous years, and the increase in expenditure has been so large of late years that there will be the less need to allow for any further growth of outlay on administrative wants.

36 We have made a further proposal for Provincialising the Sind Canals and the Deccan Tanks and Canals, which have hitherto been an Imperial charge, classed under Minor Irrigation Works. The return from the Deccan Irrigation is only R1,39,000 that produced by the Sind Canals is inextricably mixed up with the Land Revenue. The expenditure on both amounts to over 15 lakhs. We would Provincialise these figures, leaving the Province to manage the works, keeping to itself all gain

Summary of Provincial Contracts

or loss by the transaction, if self-interest acts, as it usually does, the result ought to be gain

37 We made some other recommendations for retrenchments, which, as they have not yet been accepted, we did not include in the Contract figures. The principal of these are as follows —

Further reductions suggested

Reduction in the number of stamp clerks, where there are more than one to each district

Reduction of income-tax establishment in Bombay City

Registration establishment in Sind to be reduced

Pay of Oriental Translator to be reduced

Commissioner in Sind to be reduced to the level and salary of an ordinary Commissioner, and his establishment also to be reduced

Reduction in the pay of two Presidency Magistrates and of their Chief Clerk

Reduction of the salary of Small Cause Court Judges

Replacement of four Cantonment Magistrates by officers drawing a small staff allowance for executive work

Re-grading of District and Assistant Superintendents of Police, and reduction of the number of Probationers to six

Transfer of excess charges of Presidency Police to the Bombay Municipality

Alteration in the status and salary of the Inspector General of Police

The saving to be produced by these measures is estimated at Rs3,80,000 approximately, much of which, however, can only come into effect very gradually and after lapse of time

The reductions proposed in the cost of the High Court amount to about Rs58,000 immediately, and Rs1,13,000 eventually, when the present incumbents vacate certain posts

38 We had not the advantage of discussing our proposals with the Local Government, as that Government preferred to have them in writing before expressing their opinion upon them

Discussions and Dissents but we had the assistance of two Local Members in our enquiries and discussions. One of these Local Members has dissented from some of our figures and recommendations, chiefly those relating to the reductions in Education and Public Works and one of the general Members of the Committee, the Hon'ble M G Ranade, has also recorded a dissent from some of the suggestions about Education

39 The position of Bombay is peculiar in this respect, that the Local Cess is lighter than in any other part of India, and hence the Local Boards have but a small income, and look to Government for more assistance to their local roads, buildings, and schools than is usually given. The Provincial Government on the other hand, having a superabundance of money, made them very liberal grants, and even towards the close of the Contract and after the Finance Committee had been appointed, pledged itself to new expenditure of this kind. Some embarrassment must necessarily result from such a course, when a new Contract on a more restricted basis of funds is made, but one remedy, that may be suggested, is to increase the incidence of the Local Cess

40 Speaking generally, we received the impression that there is not in Bombay the same rigorous tendency to restrict expenditure and to keep a watchful control over useful but costly improvements in administration, which the possession of less abundant resources has produced elsewhere, and

General Review of Financial Administration

Summary of Provincial Contracts

retrenchment of nearly 33 lakhs can be effected. The following list contains all but the smallest items of reduction —

Items	Amount R	Persons for reduction
Collectors and Establishments	54,000	Partly over-estimate, partly the amalgamation of the two posts of Collector of Bombay and Collector of Customs
Salt	74,000	Over estimate.
Customs	15,000	Amalgamation of the two Collectors as above
Stamps and Registration	29,000	Abolition of the Inspector General of Registration (whose post is to be amalgamated with that of the Inspector General of Jails) and reduction of the establishment of the Bombay Registrar
General Administration	25,000	Reduction of Hill Allowances and abolition of the second Assistant to each of the three Commissioners
Law and Justice	57,000	Partly over-estimate, partly reduction in Cantonment Magistrates and Small Cause Courts
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Marine	47,000	Abolition of the steamer <i>Jhelum</i> and its flat, on the Indus, accounts for about half the rest is a transfer (with which go corresponding receipts) of a tug and some pilot brigs at Karachi to the Port Trust.
Education	2,67,000	This is made up of a large number of items, chiefly grants in aid, building grants, and recently increased expenditure on technical instruction, the reduction of which we suggested, also the abolition of some Vernacular Translators
Medical	83,000	R16,000 due to cost of diet in lunatic asylums, which has grown unnecessarily the rest to over estimates and non-recurring items
Stationery and Printing	28,000	Rent of Press, for which a new building is being constructed
Miscellaneous	77,000	R46,000 are reduced, being provided this year for a special Forest Commission which is nearly ended, and R20,000 are transferred to Imperial on account of water supplied to the Troop-ships and Transports
Railway Survey	36,000	The work having come to an end
Public Works	19,99,000	Our calculation allows a sum equal to the average amount spent in the Contract of 1877—82, but necessitates a great reduction in original works
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35 The general effect of these proposals is, that the Province should contribute R27,06,000 to the Imperial Treasury. The reduction is largest in the Departments of Public Works and of Education, in which the recent increase has been greatest, but as the Province has 12 lakhs in hand to spend without bringing its balance below the minimum, and as the revision of Land Revenue is expected to bring in an average annual increase of about 8 lakhs during the next five years, rising to 12 lakhs in the last year, we calculate that it will not be long before the Province is again in affluent circumstances. Stamps, Excise, and Forests will also probably be heads, under which the revenue will continue to increase, though not perhaps so rapidly as in previous years, and the increase in expenditure has been so large of late years that there will be the less need to allow for any further growth of outlay on administrative wants.

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Summary of Provincial Contracts

or loss by the transaction, if self-interest acts, as it usually does, the result ought to be gain

37 We made some other recommendations for retrenchments, which, as they have not yet been accepted, we did not include in the Contract figures. The principal of these are as follows —

Further reductions suggested
Reduction in the number of stamp clerks, where there are more than one to each district

Reduction of income-tax establishment in Bombay City

Registration establishment in Sind to be reduced

Pay of Oriental Translator to be reduced

Commissioner in Sind to be reduced to the level and salary of an ordinary Commissioner, and his establishment also to be reduced

Reduction in the pay of two Presidency Magistrates and of their Chief Clerk

Reduction of the salary of Small Cause Court Judges

Replacement of four Cantonment Magistrates by officers drawing a small staff allowance for executive work

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The saving to be produced by these measures is estimated at Rs3,80,000 approximately, much of which, however, can only come into effect very gradually and after lapse of time

The reductions proposed in the cost of the High Court amount to about Rs5,000 immediately, and Rs1,13,000 eventually, when the present incumbents vacate certain posts

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but we had the assistance of two Local Members in our enquiries and discussions. One of these Local Members has dissented from some of our figures and recommendations, chiefly those relating to the reductions in Education and Public Works and one of the general Members of the Committee, the Hon'ble M G Ranade, has also recorded a dissent from some of the suggestions about Education

39 The position of Bombay is peculiar in this respect, that the Local Cess is lighter than in any other part of India, and hence the Local Boards have but a small income, and look to Government for more assistance to their local roads, buildings, and schools than is usually given. The Provincial Government on the other hand, having a superabundance of money, made them very liberal grants, and even towards the close of the Contract and after the Finance Committee had been appointed, pledged itself to new expenditure of this kind. Some embarrassment must necessarily result from such a course, when a new Contract on a more restricted basis of funds is made, but one remedy, that may be suggested, is to increase the incidence of the Local Cess

40 Speaking generally, we received the impression that there is not in Bombay the same rigorous tendency to restrict expenditure and to keep a watchful control over useful but costly improvements in administration, which the possession of less abundant resources has produced elsewhere, and

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we think that this is especially manifested in the strength of the Judicial Staff, and the disproportionate costliness of the Police, as well as in the Survey and Settlement Department, and in the details of the new scheme for keeping up the village records and obviating the necessity of any re-survey in future

MADRAS

41. The Contract was considerably modified during the course of the five years As originally framed, it left the Province with a surplus of $2\frac{1}{2}$ lakhs, but the subsequent grants virtually raised this to $7\frac{1}{2}$ lakhs The actual revenue of the period exceeded the assignment by Rs1,22,000, or $91\frac{1}{2}$ lakhs diminished receipts from and increased expenditure on irrigation works lost eight lakhs to the Provincial Treasury, and there was a decrease of three lakhs from ordinary Public Works Receipts, on the other hand special grants amounting to 24 lakhs were made from the Imperial Treasury, and the growth of revenue under the Civil Heads came up to $78\frac{1}{2}$ lakhs The following list shows the chief items of increase or decrease under each of these heads whether on the side of receipts or of expenditure —

	Receipts R	Expenditure R
Land Revenue	+11,06,000	+11,17,000
Salt	+2,87,000	
Stamps	+2,19,000	
Excise	+35,01,000	+94,000
Forests	+31,54,000	+22,59,000
Registration	+3,91,000	+2,73,000
General Administration		+1,79,000
Law and Justice	-5,76,000	-10,56,000
Police	-5,65,000	-3,03,000
Education	+1,30,000	+7,03,000
Medical	+1,82,000	+7,56,000
Scientific and Minor Departments	+3,91,000	+2,79,000
Stationery and Printing		+3,01,000
Superannuation		+2,01,000
Miscellaneous	-1,21,000	-7,90,000
Contributions from Local		+1,02,000
TOTAL CIVIL HEADS (including minor variations not specified)	+79,53,000	+52,33,000

The Land Revenue has fluctuated considerably through seasonal changes, but large arrears have been collected which were due from the famine period, and the current year's collections have been got in more punctually, hence there has been a profit of 11 lakhs the annual demand of the Land Revenue has, however, scarcely risen The great increases have been under Excise 35 lakhs, and Forests 31 lakhs, Salt, Stamps, Registration, and the Cinchona Plantations have also contributed towards the general improvement Under Magisterial Fines and Jail Manufactures there has been a decrease of 6 lakhs, and under Police a decrease of $5\frac{1}{2}$ lakhs, due to the diminished payments of Municipalities towards the cost of their Police

42 The increase of expenditure over the assignment was Rs90,44,000, or $90\frac{1}{2}$ lakhs Of this, 7 lakhs were capital outlay, 6 lakhs being for the Madras Water Works and one lakh for Railway Construction, and on ordinary Public Works the expenditure stood 31 lakhs above the figure of the assignment, the average yearly outlay rose from Rs18,93,000 in 1881-82 to Rs25,06,000 throughout the five years period The increase under Civil heads was, as shown above, $52\frac{1}{2}$ lakhs In

Summary of Provincial Contracts

the case of Forests, Excise, and Registration, the expenditure has been increased in the distinct view of producing larger receipts. Survey and Settlement have been largely developed, and 12 lakhs of the 14½ lakhs shown against Land Revenue are due to them. Education, Medical Services, General Administration, Agricultural Schools, and Printing are answerable for a growth of 25 lakhs in the outlay. The only important Department in which there has been a decrease is Jails, and this is due to a diminished number of prisoners and cheaper food. The Budget of the current year shows an expenditure exceeding by 31 lakhs that on which the Contract was based in 1882, and this figure, 31 lakhs, also represents the growth of the revenue during the same period.

43 In making our calculations of the revenue of the Province, we altered the Budget of the current year very slightly, but on the whole we slightly reduced the Estimates. We took the Land Revenue at a rate somewhat lower than the Budget, basing our calculations on the averages of the last eight years, and allowing for the famine arrears which have swelled the totals. We raised the Registration estimate slightly, but took a slightly lower figure for Forests, Police, and Education receipts. On the expenditure side we reduced the Estimate by Rs13,20,000. Of this reduction one and a quarter of a lakh was obtained by transfer of expenditure to the Madras Municipality and by diminishing the contributions to Local Funds, two lakhs by the cessation of certain Minor Irrigation Works and Railway Surveys, which are now nearly completed, and nearly one and a half lakhs by retrenching figures which seem to us to be over-estimates, and which will, therefore, be corrected when the Revised Estimates of the year come in. This leaves about eight and a half lakhs of reduction, the chief items of which we proceed to state —

Items	Amount Rs	Reasons for reduction
Collectors' Establishments	25,000	On account of Hospital Assistants attached to each officer
Stamps	12,000	Amalgamation of Superintendent of Stamps with Collector of Customs
Military Secretariat	6,000	Reduction of pay of clerks
Translations	8,000	The work to be given to natives at lower pay
Sheriff's emoluments	11,000	The post to be an honorary one
Presidency Magistrates	24,000	Pay of all except the First Presidency Magistrate to be reduced
Police	89,000	Decrease, on account of the substitution of warders for policemen at jails
	17,000	Reduction of one Deputy Inspector General
	5,000	Abolition of the Assistant Commissioner in the Presidency Police
Education	70,000	Transfer to Local Boards of half the cost of Deputy Inspectors
	10,000	Abolition of Cuddalore and Calicut Colleges which are to be reduced to the status of High Schools
Medical	27,000	Closing of the Auxiliary Medical School
Destruction of wild animals	40,000	Reduction of the rate at which rewards are given
Public Works	4,55,000	The total grant is reduced to 20 lakhs, which allows for an expenditure of Rs7,77,000 on New Works, and is 1½ lakh above the figure assumed in the Contract of 1882

Summary of Provincial Contracts

The outcome of these proposals is a gain to the Government of India of 14 lakhs, but there is only an actual reduction of expenditure of about 1½ lakhs (besides the 4½ lakhs of Public Works), and a transfer from Provincial to Local and Municipal Funds of 1½ lakhs.

44 We have also framed a proposal for Provincialising the minor irrigation and agricultural works, which abound in the Madras Presidency, and which have hitherto been Imperial. Under this scheme the Province is to take over the entire charge of these works for a grant of 20 lakhs, as well a further sum of seven or eight lakhs a year for tank restoration, in respect of which it will be charged with interest and will recoup itself by the increased Land Revenue which will come in.

45 Of the further recommendations we have made for reductions, which have not yet been decided on, and which have therefore not been taken into account in framing the terms of the Provincial Contract, the following are the principal —

Abolition of the “seasonal remissions” in districts, which have come under Settlement recently, and in which the assessment rates include an allowance for bad seasons

Employment of Natives at two-thirds rates as Assistant Superintendents in the Survey Department

Abolition of the post of Superintendent of Survey, and placing the whole work under the Director of Settlements

Reduction of the establishment of the Central Office of the Director of Settlements

Reduction in the pay of the Inspector General of Registration from Rs. 1,500 to Rs. 1,000

Reduction of commission in those Registration offices which do not produce a profit

Abolition of the Cantonment Magistrate, Cannanore

Reduction in the staff and cost of the Law Officers of Government

Abolition of the appointment of Coroner

Abolition of the post of Personal Assistant to the Inspector General of Police

Re-grading of district and Assistant Superintendents of Police

Contribution to be levied from Police towards the cost of their clothing, as in other Provinces

Reduction in the number of Police hospitals, and the cost of medical care of the Police

Reduction in the number of Inspectors of Education from eight to five, and substitution of Native for European officers

Amalgamation of the office of Sanitary Commissioner with that of Surgeon General

Reduction in the number of Civil Surgeons, and more general substitution of Uncovenanted for Commissioned officers in those posts

Transfer to Local Funds of a portion of the expenditure on the Cattle-diseases Department

Abolition of the rates levied by the Madras Municipality on Government buildings

Summary of Provincial Contracts

These reductions, if accepted, would ultimately produce a saving of about 1 lakhs of rupees

46 In discussing these questions we had the assistance of two Local Members who agreed in all the proposals we made affecting the Contract, and though they did not assent to all the recommendations summarised in para 45, did not record a dissent. We also had a conference with His Excellency the Governor and his Council, at which the chief items in our suggestions were discussed, and the Government stated whether they could or could not agree with them. The nature of their views is mentioned in Chapter VII of this Volume in connection with each of those items.

47 We formed a high opinion of the care and acumen with which the finances of the Province are controlled, and of the generally economical tone of the Administration, and we considered the manner in which the Excise and Registration Departments are administered, and the principles which govern the allotment of Provincial Funds to Education, to be specially worthy of imitation. The matter, to which we principally ventured to take exception, was what we could not but consider the slow, and expensive manner in which Survey and Settlement work is progressing, and we made recommendations for pushing it on more vigorously and economically, and imitating, in some respects, the improved procedure adopted in Northern India. It is estimated that on the present scale of progress the Land Revenue will have increased by 4 lakhs a year, through revision of Settlement, by the end of the next five years, but if the Settlement work were carried on more rapidly, or if, failing this, a summary Settlement were made for a short intervening period, as has been done in the Central Provinces, we apprehend that the increase would very greatly exceed this estimate. If, moreover, the Survey and Settlement could be brought down to anything approaching the cost per square mile in the Central Provinces, or even to the higher rate of expenditure in the North-Western Provinces, a considerable economy would be effected.

BENGAL

48 We have already explained how the Bengal Government was started at the last Contract with a deficit of 57 lakhs, on the assumption that its Public Works expenditure, which had greatly increased through the expenditure of large balances chiefly as capital outlay, could be greatly decreased, and an addition of 28½ lakhs was made to its balance to facilitate this gradual reduction. The income was assumed to be 357 lakhs, but the actual receipts have exceeded five times the assignment by Rs. 98,08,000 or 98 lakhs. Of the excess, 15¾ lakhs are due to the growing productiveness of Railways and Canals, and 7¼ lakhs are receipts from Ordinary Public Works. The balance of 75 lakhs is mainly attributable to the growth of the great revenue-producing heads. The following list shows the principal figures of increase and decrease on both sides of the account —

	Receipts.	Expenditure
	Rs	Rs
Land Revenue	+17,61,000	+7,36,000
Salt	—1,70,000	
Stamps	+24,81,000	+79,000

Summary of Provincial Contracts.

	Receipts ₹	Expenditure ₹
Excise . . .	+ 3,71,000	+ 1,10,000
Provincial Rates . . .	+ 12,66,000	
License Tax	— 3,58,000	...
Customs	— 96,000	+ 1,02,000
Forests . . .	+ 55,000	
Registration	+ 4,15,000	+ 1,11,000
General Administration		+ 3,56,000
Law and Justice	— 4,51,000	+ 23,02,000
Police . . .	+ 5,39,000	+ 24,51,000
Mining		— 7,15,000
Education		+ 28,39,000
Medical		— 2,73,000
Scientific and Minor Departments	— 5,68,000	+ 2,00,000
Interest on Loans	+ 2,28,000	
Superannuation		+ 11,16,000
Stationery and Printing		+ 1,02,000
Miscellaneous	+ 17,32,000	+ 1,05,000
Contribution to Local		+ 1,70,000
TOTAL CIVIL HEADS (including minor variations not specified)	+ 75,06,000	+ 1,00,07,000

The Land Revenue has improved by 7 lakhs in the whole period, and the Provincial share of the profits from Government estates by 10 lakhs. Stamps have brought into the Province an increase of 25 lakhs, chiefly by growth of litigation, Provincial rates 13 lakhs, chiefly by improved methods of collection, Registration and Excise 4 lakhs each. The latter head had grown very rapidly under the preceding Contract, but its progress has been checked on grounds of public morality, and the expenditure on it has increased. Pounds, which are shown under Police and Unclaimed Deposits under Miscellaneous, have brought in an increase of about 18 lakhs to the Provincial Treasury, and there has been a slight decrease under Judicial Fines and under Cinchona, which latter appears under the head of Scientific and Minor Departments. The Revenue of the current year exceeds that of 1881-82 by 25½ lakhs of rupees.

49. The total expenditure of the five years exceeded five times the reduced assignment by Rs. 1,57,40,000, and the actual income by Rs. 59,32,000. Sixty-two lakhs were devoted to Capital expenditure on Railway and Canal Construction, and thirty lakhs were swallowed up by the growth of interest charges. The expenditure on Roads and Buildings, which had risen to 68 lakhs in 1881-82, was brought down as low as 28 lakhs during the two years 1884-85 and 1885-86, and the average outlay on this head during the five years was 41 lakhs, the total being less by 35 lakhs than the assignment (even when reduced, as explained in paragraph 10, to produce equilibrium). The growth of expenditure on the Civil Administration, the details of which are shown above, was 100 lakhs of rupees. The increased revenue from Government Estates, Excise, Stamps, and Registration was produced by incurring an increased outlay of about 10 lakhs, which, however, leaves a very handsome profit. On General Administration the expenditure has grown by three and a half lakhs, chiefly for increase to the Secretariats. Under Law and Justice the Courts have cost 17 lakhs more than the Contract figure, the number and pay of Subordinate Judges and Munsifs having largely increased, and the dearness of food in Jails has entailed an additional cost of 6 lakhs. Police charges increased by 25 lakhs, chiefly due to the transfer of the charge for Municipal Police, while only one-third of this amount was taken back by the Municipalities.

Summary of Provincial Contracts.

under other heads Education has grown by 28½ lakhs, two thirds of which are due to Grants-in-aid, and the rest to Government Colleges and to the appointment of more Inspectors Superannuations have entailed an increased charge of 11 lakhs On Railways and Canals, 62 lakhs have been laid out The expenditure of the current year is 31 lakhs below that of 1881-82, or 26 lakhs above the figure to which it was assumed that expenditure could be reduced, and R65,000 above the income of the current year

50 On the Receipt side we calculate that the Provincial receipts will exceed by about 2 lakhs the Budget of the current year We reckon the ordinary Land Revenue lower by 2 lakhs than the Budget figure, which is swelled by the collection of arrears, and we add a lakh for probable improvement in Excise Jail receipts were under-estimated by more than a lakh, and Railways by about 3 lakhs In other respects we have made little or no change, and the Revised Estimates will be taken as superseding the Budget figures when they come in On the expenditure side our reductions come altogether to 10 lakhs Only a small portion of this is due to the correction of over-estimates. The principal items of our reductions are set out in the following list —

Items	Amount R	Reasons for reduction
Survey and Settlement	78,000	By a mistake the cost of the Mozufferpore Survey was estimated for twice over Though this Survey is to be stopped, we have assumed that a Survey party will be employed on the Government estates which require re-settlement
Government Estates	67,000	Over-estimate
Salt	8,000	Reductions in Orissa, due to the transfer of this Department to Madras
Stamps	9,000	Amalgamation of the offices of Collector of Customs and of Superintendent of Stamps
Registration	7,000	Reduction of the salaries of Inspector-General and two Inspectors, savings in the office of the Calcutta Registrar, and travelling allowance
General Administration	17,000	Reduction of tour expenses for the journey to Darjeeling and residence there
	9,000	Abolition of Assistant Secretary, Legislative Department
	5,000	Reduction in number and pay of Translators
Law and Justice	4,000	Abolition of Junior Government Pleader
	4,000	Reduction in pay of Coroner's Surgeon
	6,000	Reduction in pay of Second Presidency Magistrate
	12,000	Reduction in pay of the junior Judges of the Calcutta Small Cause Court, and in the cost of the establishment
Jails	1,13,000	Over-estimated expenditure on Jail Manufactures and closing of certain small Jails
Police	6,000	Abolition of Personal Assistant to Inspector General
	24,000	Abolition of temporary Salt Police in Orissa
Marine	8,000	Reduction in pay of Port Officer and establishment
	2,000	Retrenchment of allowance of R200 per mensem to Chief Presidency Magistrate for holding Marine Court
	7,000	Grants to Ports of Balasore and Chittagong to be defrayed by Port Funds.
Education	66,000	Reduction in the superior graded service from 41 to 21 officers, and of 21 posts in the subordinate graded service
	7,000	Reduction in grants to Collegiate and High Schools
	59,000	Decrease of Building grants
	14,000	Minor reductions in Scholarships, Education Gazette, and purchase of books.

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Items	Amount ₹	Reasons for reduction
Medical	27,000	Over-estimate under establishment
Scientific and Minor Depart- ments	17,000	Non-recurring expenditure on Ethnological Enquiries
	25,000	Veterinary College—abandoned
Superannuations	50,000	Over-estimate
Public Works	4,75,000	Capital expenditure on the Orissa Coastal and on Rail- way Surveys, almost or quite completed
	2,08,000	Reduction in the grant for ordinary works

On the other hand, we increased the estimate of Railway working expenses and Interest by ₹3,06,000

51 The net result of these proposals is to bring out a surplus of ₹11,52,000, which can be resumed by the Government of India

Financial results of the new Contract But we pointed out that if the reductions we suggested seem too severe (and it is only in the case of Public Works that this can reasonably be urged), the Bengal Government has the remedy in its own hands, by the right it has to recoup itself for the Police charge of 3 lakhs a year of which it relieved the Municipalities, by transferring to them corresponding charges under the heads of Education and Medical Services, and so setting free its own funds for Public Works or other purposes

52 The further recommendations, which we have made, but which we have not taken into account in framing the Contract, are as follows —

Reduction of pay of Stamp Store keeper and of establishment for the sale of stamps

L levy of a rate from Wards' Estates on account of the services rendered to them by high Government officials

Reduction in the establishment of the Customs Office, Calcutta, and in the salaries of the Assistant Collector and the appraising staff

Reductions in the Port and Customs Offices of Chittagong and other ports

Reduction in the cost of the establishment of the Board of Revenue

Raising the fees charged by the Legal Remembrancer to the Wards' Estates

Reduction of Police guards on public buildings in Calcutta.

Re-grading of District and Assistant Superintendents of Police

Abolition of certain steam launches used by the Police

Reduction in Contingent and Miscellaneous expenditure of Chittagong Frontier Police

Amalgamation of the offices of Sanitary Commissioner and of Inspector General of Hospitals

Reduction of allowances of the Superintendent, Sealdah Hospital

Abolition of the Assistant to the Civil Surgeon, 24-Peigunnahs

Reduction of cost of office establishment of the Inspector General of Hospitals

Reduction of the diet charges in Calcutta Hospitals

Reduction of allowances for charge of Medical Schools

Substitution of Assistant Surgeons for Commissioned Officers as Superintendents of Vaccination

Reduction of grant for the Zoological Gardens, Calcutta

If these recommendations are carried out, it is estimated that they will ultimately produce a saving of about three and a half lakhs of rupees

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53 We have also included in our Note on the Contract a scheme for Provincialising the Eastern Bengal Railway, in addition to the other Railways which were already Provincial, as well as the repairs to some of the River Embankments, which have hitherto been Imperial. We laid our proposals before the Lieutenant-Governor at a conference, at which he explained how far he agreed with them, and we have recorded fully in the Note to what items he agreed and where he dissented. The Local Members have expressed their disagreement with some of the suggestions we have made, in a dissent which is appended to our Note.

54 We consider that in Bengal the finances are carefully controlled. The chief difficulty of the Government has been to curtail its expenditure gradually from the liberal scale on which affairs were administered during the last Contract, and the first year or two of the period now expiring. We think, however, that the Local Government would do well to study the developments, which have been introduced as regards the administration of Excise in Madras and Bombay, and that there is room for considerable economy in the Police and Education Departments, and in the treatment of Municipalities, which have been relieved of their Police expenditure without a full equivalent being substituted for it.

ASSAM

55 The actual receipts of the five years exceeded the assignment by Rs 14,95,000, or 15 lakhs. The actual expenditure exceeded it by Rs 25,46,000 or 25½ lakhs. The following are the principal items of increase or decrease of Civil Heads on both sides of the account —

	Receipts R	Expenditure R
Land Revenue	+ 4,39,000	+ 20,000
Stamps	+ 3,65,000	+ 27,000
Excise	+ 5,87,000	
Forests	+ 1,03,000	+ 89,000
Police	+ 1,95,000	+ 3,41,000
Marine		+ 1,33,000
Education	+ 57,000	+ 30,000
Medical		+ 1,48,000
Scientific and Minor Departments		+ 65,000
Stationery and Printing		+ 65,000
Miscellaneous		— 2,32,000
TOTAL CIVIL HEADS (including minor variations not specified)	+ 15,59,000	+ 7,16,000

The increase in the receipts is due to the steady growth of the Land Revenue, which brought in 4½ lakhs in excess of the assumed figure, of Stamps, which brought in 3¾ lakhs, and of Excise, which realised 6 lakhs above the Contract figure. There was also a slight increase under Forests, Police, and Education fees. On the expenditure side, 9 lakhs have been laid out on Railway Con-

Summary of Provincial Contracts

struction, $2\frac{1}{2}$ lakhs have been spent on the subsidy to a Guaranteed Railway, and $6\frac{1}{2}$ lakhs were the additional expenditure on Ordinary Public Works. This accounts for 18 lakhs of the increase, and the remainder is attributable to the Civil Heads. The chief increase here is on Police, where the reorganisation of the Frontier Police was carried out at a cost of which the larger part was defrayed by a special grant from Imperial Funds. The expenditure of the current year exceeds the Contract figure by $8\frac{1}{2}$ lakhs, while the revenue exceeds it by nearly 5 lakhs.

56 In making our calculations as to the new Contract, we made very little alteration in the Budget of 1886-87. On the receipt side we considered the Land Revenue to have been under-estimated, and we raised the assumed receipts from the State Railways, though we also raised the working expenses by an equal amount. On the expenditure side we found no room for reduction except under Public Works, the grant for which we proposed to set back to the figure at which the Province stood at the beginning of the Contract. The reduction thus effected is 4 lakhs, and the result is to bring out a surplus of Rs1,86,000 which can be resumed by the Government of India.

57 With regard to the future, we have recommended that the Province be allowed a larger share than one quarter in the growth of Land Revenue and Excise, on the ground that the figures concerned are so small that there will be little play for the principle of judicious self interest, unless the share in the profits to be obtained by good administration is larger.

58 We made two other recommendations leading to reductions, of which we took no account in framing the Contract. One is that the *Kestrel*, a steam-launch used by the Inspector General of Police, be abolished, as there is now a plentiful supply of steamers plying on the Brahmaputra, and the other that the charge of the Naga Hills District be amalgamated with the Political Agency at Manipur, as the Naga tribes are now to a great extent brought under subjection, and a good road connects the district with Manipur. An Assistant Commissioner would have to be substituted for a Deputy Commissioner, and the saving effected by these two recommendations would amount to about Rs18,000.

BURMA

59 The Contract with Burma, like that for Bengal, began with a deficit, and was based on the assumption that the revenue would rapidly and largely increase, as it had done in the previous five years. This hope, however, turned out to be mistaken, and the deficit had to be met by special grants from the Imperial Treasury, and by a sudden contraction of Public Works. The original figures on which the Contract was based (arranged as in para 10) were an income of Rs1,00,16,000 and an expenditure of Rs1,07,62,000, working out to a deficit of Rs7,46,000 annually. But the assignment was subsequently modified, as shown in paragraph 10, and the average figure on the revenue side for the five years was Rs99,64,000. The actual income, even including the special grants of 13 lakhs, fell short of five times of this sum by Rs1,93,000. There was a deficiency

Summary of Provincial Contracts

of nearly six lakhs in the net receipts from Railways, and of three lakhs under Ordinary Public Works. There were further losses under Civil Heads. The chief items on both sides of the account are given below —

	Revenue	Expenditure
	₹	₹
Land Revenue	+1,61,000	+2,40,000
Stamps	+3,22,000	
Excise	+1,30,000	+39,000
Forests	-1,51,000	-2,52,000
Customs	-1,95,000	+1,00,000
Post Office		+1,49,000
General Administration		+2,08,000
Law and Justice	-1,87,000	+6,73,000
Police	-7,35,000	+13,14,000
Munice	+1,20,000	+2,04,000
Education		+3,59,000
Scientific and Minor Departments		+5,25,000
Superannuation		+2,00,000
Stationery and Printing		+1,18,000
Miscellaneous		-1,39,000
TOTAL CIVIL HEADS (including minor variations not specified here)	-6,45,000	+37,91,000

Land Revenue and Customs have fluctuated a good deal. On the whole term the former has produced more by $1\frac{1}{2}$ lakhs, and the latter less by 2 lakhs, than the Contract figure. Stamps have improved by 3 lakhs, and Forests have lost $1\frac{1}{2}$ lakhs. 7 lakhs have been lost by relieving the Municipalities of the contributions they formerly paid for Police.

60 On the expenditure side there has been an increase of ₹33,15,000 or 33 lakhs of this 19 lakhs are the growth of the interest on the Sittang Valley Railway, 24 lakhs, on the other hand, have been saved by reducing Ordinary Public Works from 31 lakhs in 1882-83, to 12 lakhs in 1886-87. Thus leaves 38 lakhs as the increase under Civil Heads. There has been an increase of $9\frac{1}{2}$ lakhs under Land Revenue and Law and Justice on account of the creation of a new District, additions to the pay and number of Extra Assistants, and strengthening the Chief Court. Police has increased by 13 lakhs, partly through the general necessity of strengthening it, partly because the Municipalities have been relieved of their charges. Forests are the only Department which show a decrease. Education has increased by 31 lakhs, and Scientific and Minor Departments by 5 lakhs, on account of a new Agricultural Department and large expenditure on immigration. The Budget of 1886-87 shows an expenditure of ₹1,19,67,000 against ₹1,18,67,000 in the Contract, and a revenue of ₹1,19,68,000 against ₹1,09,77,000 in the Contract. It is evident from these figures that the Province has been struggling under great difficulties throughout the last five years.

61 In the present circumstances of the country it would be impossible to make a contract with Lower Burma, on the working of which any reliance could be placed, and we have advised the acceptance of the Chief Commissioner's suggestion, that the present Contract be provisionally extended for two years, subject to such modifications as we have thought necessary. The Budget of the current year places revenue and expenditure in equilibrium, as has been shown above. We have somewhat reduced the estimated receipts from Stamps and Customs, and

Summary of Provincial Contracts

have slightly raised the figure for Railway receipts. On the expenditure side we have taken a lower estimate for Survey and Settlement, as the operations of this Department are being contracted, and we have deducted 40 from Marine as being an item of non-recurring expenditure, provided on account of the purchase of a vessel for the Port of Akyab. We have kept the Public Works grant unchanged, at the low figure of 12 lakhs, but have assumed that the Establishment, which is now disproportionately large, will be reduced, and that the savings will be devoted to Original Works. The result is to bring out a surplus of Rs1,05,000 which might be resumed by the Government of India if this were an ordinary case. But in Lower Burma a large expenditure on account of Police is about to be incurred through the substitution of Natives of India for Burmese, and in other respects there is little assurance of stability either in the revenue or in the expenditure. We conceive, therefore, that it will be best to allow the present Contract to go on on the present terms, assisting the Province with special grants if necessary, and waiting till the disturbances have ceased and order prevails.

Further reductions recommended

62 We have recommended certain further reductions in our Note, which we summarise here—

Collector of Customs, Rangoon,—pay to be reduced from Rs1,500 to Rs800

Pay of Customs clerks to be reduced as unnecessarily high, even when compared with those in the Secretariat

Translator's Department,—cost to be reduced

One of the two Small Cause Court Judges, Rangoon, to be reduced

Steam-boiler inspection, to be made self-supporting

These reductions, if carried out, would effect a saving of Rs22,000

The Future Provincial Contract with the Punjab

Preliminary

CHAPTER III

THE FUTURE PROVINCIAL CONTRACT WITH THE PUNJAB

[Figures entered thus,—2,08—without designation, mean Thousands of Rupees]

PRELIMINARY

The following table shows the working of the last Contract in the Punjab. The assignment was considerably altered during the five-year period, the share in the revenue being increased as new expenditure was imposed on the Province, or was incurred with the sanction of the Government of India. In the table the average assignment for the five years is taken and multiplied by 5, and the figure thus obtained is compared with the actual revenue and expenditure of the five years.

Statement of Provincial Revenue and Expenditure in the Punjab from 1882-83 to 1886-87

	REVENUE					EXPENDITURE				
	CIVIL		PUBLIC WORKS		TOTAL	CIVIL	PUBLIC WORKS			TOTAL
	Principal Revenue Heads	Other Department	Ordinary	Railways and Irrigation &c net			Ordinary	Interest on Railway and Irrigation & Capital	Capital Expenditure	
	1	2	3	4	5	6	7	8	9	10
Average Assignment	1,24 31	22,07	6 08	4	1 52 50	1,24 65	24,65	4		1,49 34
1882 83	1,21 00	17,47	6,25	11	1,44,83	1 18 19	30,42	34	6 22	1 55 17
1883-84	1,22 ' 3	21 61	6 13	42	1,51 09	1,25 27	27,32	1,11		1,63 70
1884 85	1,25,46	18 88	5 85	32	1,50,01	1,24,70	28,11	1 81		1 54 62
1885 86 (Revised)	1,31 99	20,11	5 78	62	1,68 50	1,28 17	25 23	1,98		1 55,38
1886 87 (Budget)	1,31 88	18 74	5 42	63	1 56 87	1,33,10	27,53	2,00		1,62 63
Total of the five years	6,33,26	96,31	29,43	2 30	7 61,30	6,29 43	1,38,61	7 24	6,22	7,81,50
Five times average Assignment	6 21,55	1,10 35	30,40	20	7,62,50	6,23,25	1 23,25	20		7,46 70

N B — For an explanation of the mode in which the above figures are arrived at see paragraph 10 of Chapter II, page 14

A fuller history of the working of the Contract will be found in the Note, which is reprinted as Appendix No I to this volume but from the preceding figures it is apparent that the revenue of the Province was less by 1,20 than five times the assignment. There was an increase of 12 lakhs under the revenue-producing heads, of which $2\frac{1}{2}$ were due to growth of Land Revenue, and the rest to Stamps, Provincial Rates, and Interest, but a diminution of 14 lakhs under "Other Departments." On the expenditure side, on the other hand, the outlay exceeded the assignment by 35 lakhs, of which $6\frac{1}{2}$ lakhs were incurred under "Civil Heads," 15 under ordinary Public Works, and 7 under interest on capital, and 6 were spent on the construction of the Amritsar-Pathankot Railway. This excess of 35 lakhs swallowed up the annual surplus of 3 lakhs, and 20 lakhs of the Provincial Balances, and the current year's budget is framed to bring out a deficit (*i.e.*, to spend out of balances) nearly six lakhs of rupees.

2 As a preparation for settling our proposals concerning the Provincial

The Future Provincial Contract with the Punjab

Land Revenue

Basis of Contract Contract with the Punjab an estimate was made of the present standard of revenue and expenditure under each head affected by the Contract. The Budget figures of 1886-87 were taken as the general basis, but these were examined and compared with the figures of the past years, and modifications were made where that examination led to the conclusion that the Budget Estimate for any reason exceeded or fell short of what might be considered the normal standard. The estimate, thus drawn up, and the various questions, which had been addressed to the Punjab Government, were the subject of discussion with that Government during the last fortnight of July. We had several conferences with Mr. Tupper, the Junior Secretary. We had discussions also with Colonel Menzies, Inspector-General of Police, and with Colonels Perkins and Home representing the General and Irrigation Branches of the Public Works Department. We had also a final interview with His Honour the Lieutenant-Governor.

General financial position of the Punjab Government. Re-trenchment necessary. 3 The general position of the Punjab Government, as shown in the estimate framed by us, was that their rate of expenditure had considerably exceeded the revenue assigned to them, including two special additions to the assignment, one in aid of the recent scheme of Judicial reorganisation, and one towards the cost of the extension of the Kanungo system. Our instructions were that the Imperial Government should not in the new Contract be placed in a worse position than it would find itself in, if the old Contract were simply renewed, and it followed therefore that if our estimates were correct, the Provincial Government would have to find the means of curtailment of its expenditure (or of increasing its revenues) to the extent of nearly six lakhs of rupees annually.

4 We proceed to state the conclusions at which we have arrived, and the recommendations we have to make, after the discussion of the several matters with the Local Government. We deal both with the question of possible reductions of expenditure and with the settlement of the new Contract. The figures applicable to the latter are collected in two statements at the end of this chapter, and though they are in some respects changed from those of the previous estimate, the general result comes out the same, namely, that the new Contract should, as regards the measure of the assignment, be a continuation of the old one, and that this will involve a reduction in the present scale of expenditure of about seven lakhs of rupees, which is mainly realisable by a contraction of expenditure under the head of Original Civil Works.

LAND REVENUE

5 *Revenue* —The Budget Estimate of Land Revenue receipts for 1886-87 (including the portion of Land Revenue due to Irrigation) is 2,17,65. In ten districts the Settlement has already expired. If they had been re-assessed in time they would have given an increase of revenue as follows —

In 1886-87	16,19
In 1888-89	3,55 more
In 1889-90	1,50 more
Total, by 1889-90	21,54

But the Settlements being in arrears, the amounts which it is estimated will

The Future Provincial Contract with the Punjab

Land Revenue

Settlements in arrears	actually become realisable by new Settlements, were thus estimated in the Punjab letter of 16th June 1886 —
1886-87 Rawal Pindi	2,11
„ Umballa and Karnal	75
	— or a total of 2,86 in 1886-87
1887-88 Rawal Pindi . . .	63
Umballa	25
	— „ „ 3,74 in 1887-88
1888-89 Rawal Pindi . . .	25
Ferozepore	1,00
Gurdáspur	1,00
	— „ „ 5,99 in 1888-89
1889-90 Ferozepore	30
Gurdáspur	90
	— „ „ 7,19 in 1889 90

No further increase is estimated for 1890-91 and 1891-92

6 The difference between the increase of 21,54 which should have been realised, and the anticipated increase of 7,19, is due for the most part to the fact that the new Settlements will not have been completed in the Amritsar, Siálkot, Hissar, and Shahpur districts (the Settlements of which have already expired), or in the Lahore, Gujránwalla, and Gujrat districts, where they will expire in 1888

7 A plan has, it is understood, been submitted to the Government of the Punjab for effecting a Settlement of some of those districts without the preliminary laborious operations of a Settlement Party, but it has not as yet obtained the assent of the Lieutenant-Governor. The Government of India meantime has addressed the Lieutenant-Governor urging the adoption of some means of realising without inordinate delay the additional Land Revenue waiting for re-assessment

8 The 2,86 estimated to come in in 1886-87 does not appear to have been included in the Budget Estimates. The Budget Note describes the Estimates as “repeating the Revised” with a small addition principally due to new Settlements, but as this addition is only 38, it is obvious that the new assessments above noted are not included

9 We have not yet obtained full information as to the amount of revenue which the Punjab Government expects, but it would appear from these considerations that we should add to the Budget figure of 1886-87, viz, 2,17,65, the new assessment of 2,86 expected to come in in that year, less the 38 we may assume as already included, giving a total of 2,20,13. The figure would have stood about thirteen lakhs higher (16,19 — 2,86) if the pending re-settlements had been completed in proper time

10 *Survey and Settlement Expenditure* — The Budget Estimate is 6,06. Of this amount 18 is that part of the cost of a Party of the Survey of India which is charged to Revenue Survey. It is to be permanently employed in correcting the topographical maps and furnishing traverse data for testing Patwari maps. The remainder 5,88, is the cost of Settlement Parties, five of which are employed in the Punjab, the number being fixed with the intention that the Parties should complete thirty-one districts in thirty years, thus giving as nearly as possible one Party for five years to each district. A temporary increase of one Party, in order to take up the Kangra district, is spoken of, and we were informed in reply to our enquiries that provision for this Party is included in the Budget

The Future Provincial Contract with the Punjab

Land Revenue

of 1886-87 The Punjab Government is also considering the possibility of placing the Survey under the Deputy Commissioner,—a measure which may effect some small saving

11 From these facts, it would appear that the Settlement expenditure is of a permanent kind and ought to vary very little from year to year. The figures however are as follows —

Provision for future Settlements Budget Provision high	1883-84	1884-85	1885-86 Revised	1886-87 Budget
	5,86	5,42	5,19	5,88

There seems reason to think that 5,88 is an excessive figure for five Parties. The Budgets for 1884-85 and 1885-86 were 6,48 and 5,88 respectively, and were under-spent by 1,06 and 69 respectively. In the current estimate of 5,88, two items are certainly excessive, viz, travelling allowance and miscellaneous contingencies. Until it is settled that a sixth Party is to be employed, it seems unnecessary to provide more than 5,20. The Punjab Government's estimate that a Settlement Party costs 1,20 a year, is not borne out by the accounts. They might be asked to reconsider the matter and to give some details of the estimate.

12 It seems worthy of note that, assuming only one lakh a year as the cost of a Party, and five years as the time taken, the outlay in the Settlement of a district comes to 5,00, and the average increase of revenue to a little over 1,50.

13 *Deputy Commissioners' Establishments* —The cost of these has been —

	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
Kanungo establishments	80	82	1,15	1,95
Other establishments	15,73	15,92	16,26	16,03
TOTAL	16,53	16,74	17,41	17,98

The increase in the Revised Estimate of 1885-86 being apparently due to a temporary increase under salaries, and the number of officers not being increased, 16,03 seems a fair allowance for "Other Establishments."

14 The Kanungo Establishment is the result of the new system introduced under Revenue Department Resolution of 4th October 1881 upon the suggestion of the Famine Commission. As finally settled for the Punjab, the new system was to bring the old cost, Rs80,700, up to Rs2,08,600 (the Government of India granting from Imperial Revenues 60 per cent of the increase, or about Rs77,000). We understand that the scale of establishment included in the Budget for 1886-87 is the final form which the scheme is to reach, and that the further increase from 1,95 to the original estimate of 2,08 is not required.

15 It is at present doubtful how far and how soon the work of this new Kanungo establishment will supersede the existing Settlement establishments. This is one of the matters still under consideration in connection with the general question of progress of Settlements in the Punjab, but when that Government comes to a more definite decision, it will have to be determined how far the estimate we have above made of the requirement of the cost of the existing Settlement establishments has to be provided for the whole term of the Contract,

The Future Provincial Contract with the Punjab

Excise

in addition to the Kanungo charges, which will certainly sooner or later to a great extent supersede them

Office establishments

16 On the office establishments of Deputy Commissioners some remarks will be made under Law and

Justice

17 The Punjab Government intimate a demand of 50 for the purpose of granting travelling and camp allowances to Tahsildárs and Nâib Tahsildárs. We cannot admit this. Such a question cannot be raised for one Province only, as Tahsildárs cannot be granted higher allowances in the Punjab than elsewhere. The scale of Tahsildárs' allowances has already been raised during the existing Contract, from grades of R125, 150, 175, and 200, to grades of 150, 175, 200, and 250, and from a total monthly cost of R19,675 to a monthly cost of R22,525. They get the same rate of pay as in the North-Western Provinces, and the Government of the North-Western Provinces has not found it necessary to grant travelling allowances, though they have been considering the question of supplying tents (See also under Registration—paragraph 38)

18 *Other Charges*—Under the head of "Other Charges" are included certain allowances to Frontier Chiefs, 28, Lambardárs' fees for collection of Irrigation Land Revenue, 3, and

Rates and Taxes, 6

STAMPS

19 *Revenue*—The Punjab Government consider that the Budget Estimate of 34,03 is placed too high and that only 33,50 should be taken, as 1885-86 realised only 33,40 against a Revised Estimate of 33,75. It is certainly the case that concurrently with a large increase in the number of the Civil Courts (see Law and Justice) the Stamp revenue in the Punjab has been falling off, the figures of the last three years being 34,03, 33,85, and 33,40, while the revenue in other Provinces is increasing, but we are unwilling, pending experience of the revenue during the current year 1886-87, to take a lower figure than the Budget Estimate.

20 *Expenditure*—The sale of stamps, both non-judicial and judicial, is made through licensed vendors, who obtain a discount, in the former case of three per cent (five if at a place where there is no *ex-officio* vendor), and in the latter of 1½ per cent (three pies per rupee). The average on the whole comes to 3.8 and 1.4 per cent respectively. In the North-Western Provinces no discount is allowed on the sale of Court-fee stamps, the only charge being the salaries (at R10) of four or five vendors appointed at a few places of large sale.

21 Regarding the Inspector-General of Stamps and Registration, see remarks under Excise. His office consists of a Superintendent on R150 rising to R200, of two heads of the two branches on R100 rising to R125 and on R50 rising to R75, respectively, of four clerks on R30 rising to R50 and of three Moharrirs (vernacular clerks). The rate of R30 rising to R50 appears to be the lowest rate of pay in the English branch of the office.

EXCISE

22 *Revenue*—The Budget estimate was 14,16, namely, 76 on account of sale of opium and 13,40 on other accounts. Of the 76, only about 6 would be received under the system

Sources of Excise revenue

The Future Provincial Contract with the Punjab

Excise

hitherto in force, and the Budget therefore represents 13,46 corresponding to the present administrative system, and 70 expected to come in by a change of it. The 13,46 we accepted as probable upon an examination of past figures, and the 70 we held in abeyance, as the Government of the Punjab stated that there were difficulties in the way of carrying out their intended measures. The Punjab Government, however, now claim that the estimate should be 13,00 besides 27 import duty upon Malwa opium, alleging that 1885-86 has produced only 13,06 against a revised estimate of 13,15 (that is 13,20, less 5 of import duty). This revenue may be regarded as composed of—

Licenses and other duties on spirits		8,00
Licenses for drugs		1,45
Opium—Monopoly licenses	3,20	
Acreage duty	35	
Transit duty	27	3,82
		<hr/>
	TOTAL	13,27
		<hr/>

23 We have been unable to get any precise information as to the system of opium revenue, except that it has been somewhat unsettled during past years, and that a new system is proposed to be introduced in 1886-87. Recently, as we understand, no opium has been sold from the treasuries, the licensed vendors having procured the drug either by importation from Malwa, or by purchase from local cultivators. In the former case the opium paid a small import duty, which the accounts of 1884-85 show as Rs42,350, but which does not appear in the Excise Report. The Excise Report states that 445 maunds were imported at the quarter-duty of Rs175 per chest, which would give something like the Rs42,350, but that it was intended in 1885-86 to import at full duty. If the figures of the accounts are to be trusted, this measure has reduced the import from 445 maunds to less than 20

24 The acreage duty on opium cultivation is Rs2, and the acre produces, according to the returns made to the Excise Department (*i.e.*, excluding concealments), four or five seers (the average produce is estimated in the North-Western Provinces to be ten seers per acre). At this rate the average duty amounts to less than Rs60 per chest, against Rs600 or 650 obtained on Malwa opium.

25 The system of sale from the treasuries is to be introduced from 1886-87, but only as regards one hundred maunds, which the Ghazipur Factory is to supply at Rs7-4 a seer, and the Punjab to sell at Rs12 a seer (against Rs15 in the North-Western Provinces and Rs22 in Bengal).

26 The Excise Report of 1881-85 shows the following statistics of opium —

	Maunds
Home-grown opium produced	1,896
Malwa opium imported	445
Other foreign do.	990
	<hr/>
TOTAL	2,831
	<hr/>

But it gives the consumption at 1,191 maunds only, the balance being, it is believed, consumed in Native States. Supposing that this opium, instead of being consumed in the Punjab, were available for export, the clear revenue of

The Future Provincial Contract with the Punjab

Excise

Government at R400 per maund would be R11,32,400 on 2,831 maunds, whereas the Punjab Government gets hardly more than a third of this

27 We have stated the facts, as far as they are known to us, but it is obvious that the whole subject requires further examination (a) and explanation at the hands of the Punjab Government. The Excise revenue in the Punjab has shown hardly any elasticity, the revenue at the time of the last Contract being taken at 13,00, while the Punjab Government now, five years later, claims 13,27 only as the proper estimate. The advance of revenue, in the other Provinces, during the same five years, has been very marked.

28 The geographical situation of some of the Native States is noted by the Punjab Government as presenting an obstacle in the way of the management of Excise revenue. The Bombay Government have surmounted obstacles of precisely the same nature by agreeing with the Native States to manage their Excise for them, or by buying up their rights. The same plan might be suggested to the Government of the Punjab.

29 Part of the Punjab revenue consists of a four-rupee duty on Sháhjahánpur rum imported into the Province. The Punjab not having arranged to receive it in bond, the duty is levied as part of the Excise revenue of the North-Western Provinces, and the Provincial share is adjusted to credit of the Punjab, through the inter-provincial adjustments of the Account offices. The Provincial share of one-half is at present about 70, and appears to be very steady.

30 *Expenditure*—The Budget Estimate contains 58 of ordinary expenditure and 80 representing a new proposal. As regards the first, a considerable part of this expenditure is on sudder distillery establishments, of which there are eighty, each composed of a moharrim and a small chapiassi guard. The Financial Commissioner proposes to abolish about half the distilleries, considering they are not required, and to employ the saving in providing regular police guards for those which he maintains. Besides the distillery establishments there is a Darogha on R25 to R50 for each district. This class of officer has been found useless and has been abolished in the North-Western Provinces.

31 The Budget for 1886-87 contains a proposal for an expenditure of 80 “for improvement of the Excise Department.” The amount is explained to have been twice taken and to have been really 40, and it refers to a proposal of the Lieutenant-Governor to establish a Commissioner of Excise. It may be convenient to notice in connection with it another proposal to appoint an Assistant to the Inspector-General of Stamps and Registration.

32 At present there is in the Punjab an Inspector-General of Stamps and Registration, on a pay of R1,500 a month.

In the Central Provinces, with a Stamp and Excise Revenue of 39 lakhs, against 50 lakhs in the Punjab, there is an Inspector-General of Stamps, Excise and Registration, who gets R1,200 a month, and who has under him an Inspector of Registration, on R200 a month.

(a) The subject has been further investigated, on consideration of papers obtained subsequently to the record of the above remarks,—vide Section B of Chapter II of Volume II

The Future Provincial Contract with the Punjab

Provincial Rates Assessed Taxes Forests

In the North-Western Provinces, where the revenue from Stamps and Excise is more than twice that of the Punjab, there is one Commissioner for the three Departments on Rs. 2,250 a month.

In Bengal the local Superintendency of Stamps is carried on by the Superintendent of Stamps and Stationery, whose work is mostly of a general and not a local and departmental character. There is, at present, an Inspector-General of Registration, but the revenue is six times that of the Punjab, and we are doubtful, even as it is, of the necessity for the separate appointment. The Department of Excise is managed by one of the Members of the Board of Revenue, just as in the Punjab it is at present managed by one of the Financial Commissioners.

In Bombay there is an Inspector-General of Stamps and Registration, but the Provincial Government are of opinion that the separate appointment is not needed, and they are prepared to amalgamate it with the office of Inspector-General of Prisons.

33 Considering, therefore, that the work of the Superintendency of Stamps is of a purely clerical nature, as all local arrangements should be in the hands of the District Officers, and that the whole Registration revenue is less than Rs. 1,80, we doubt whether there is any sufficient ground for maintaining the post. In any case we see no necessity for more expensive arrangements than the existing ones for the Superintendency of Stamps, Excise and Registration, and we deem that any such proposals for additional expenditure, after the recent large increase by re-organisation of the General Administrative Staff, should not be admitted in diminution of the Imperial resources.

More expensive arrangements than the present unnecessary

PROVINCIAL RATES (PROVINCIAL SHARE)

34 *Revenue 6,34—Expenditure 1,45* (according to Budget) —The Provincial Government has accepted these figures as fair estimates. The local rates are about 20 lakhs of rupees, of which one-quarter is Provincial and three-quarters Local. Provincial bears the whole cost of collection, which is composed of 5 per cent paid to Lambardars for realisation and $3\frac{1}{2}$ per cent paid to Patwans for account-keeping, total $8\frac{1}{2}$ per cent, about one rupee out of every twelve. (The five per cent rate was laid down in 1871.) No other Province shows anything approaching to such a high rate of charge, and we think that it should be reconsidered.

Charges of collection high

ASSESSED TAXES

35 *Revenue 9,00—Expenditure 25* —A proper estimate of the revenue can be made only after the assessments are completed, and along with it must be made an estimate of the amount of refunds to be placed against this head. The expenditure for ministerial establishments ought not, after the completion of the first assessment, to materially exceed that which was found necessary for the collection of the License Tax, and we have taken the figure provisionally at Rs. 2,000.

Framing of estimate to be postponed until the assessment are completed

FORESTS

36 *Revenue 9,40—Expenditure 6,60* —The Conservator advises the Provincial Government that Rs. 8,75, and Rs. 6,55, are suitable estimates. We had not an opportunity of seeing the Conservator, and the Govern-

The Conservator's estimates

The Future Provincial Contract with the Punjab

Registration

ment for the most part refers us to the Home^(a) Department for further information. For the present, we have taken the Conservator's figures

REGISTRATION

37 *Revenue 1,77—Expenditure 98*—The Local Government accepts these estimates. Of the expenditure 18½ is the part-cost of the Inspector-General of Stamps and Registration, and 79½ is mostly fees (44) and clerks and servants (33). The Deputy Commissioner is the Registrar for each district and the Sub-Registrars are—

33 Assistant Commissioners, Extra Assistant Commissioners, and Cantonment Magistrates

123 Tahsildárs

4 Náib Tahsildárs

39 Non-officials

In the first and last cases the payment is made by an allowance of 50 per cent of the fees (reduced by half when above a limit of 100 or 50). Náib Tahsildárs get 20 per cent of the fees

38 All Tahsildárs on duty in the Province get a Registration allowance of 10 per cent of their salaries (*i.e.*, of their pay *plus* acting allowance) whether they do Registration work or not, and even when deputed on special duty. We are not informed how many do Registration work, and how many do not, but the allowance is practically an addition to the Tahsildárs' pay (which was considerably raised in 1884), giving them, in the Punjab, a general scale of allowances, which, in other Provinces, is admissible only in respect of special additional duties. It is stated that the question of continuing the allowance to Tahsildárs, when not doing Registration work, is under consideration, but we understand that the Lieutenant-Governor is unwilling to take it away unless Tahsildárs are conceded the travelling allowances referred to under Land Revenue (*vide* paragraph 17). As the pay of Tahsildárs comes to Rs22,525 a month, the allowances in question amount to Rs27,000 a year. We are unable to say how much of this would be saved, if Tahsildárs were restricted to their sanctioned pay, and were allowed Registration fees only when they did Registration work.

39 The scale on which Registration is carried on in the Punjab seems to be more limited than in other Provinces, and in one class of cases, in which Registration is compulsory elsewhere, it is considered in the Punjab that entry in the Patwaris' documents obviates the necessity for it. As a matter of fact only about 65,000 documents were registered in 1884-85, being less than 300 (or one per working day) for each of the 236 registration offices. The clerical staff as above noted comes to Rs33,000, or about eight annas for every document registered.

40 The cost of the Inspector-General is 18½ under this head (more than ten per cent of the revenue) and 19½ under Stamps. He does almost no Registration work, the fees received by him in 1884-85 being Rs2 only, and as there are only 39 non-official Sub-Registrars, there is almost no Department, in the sense of a body of Departmental officers, to direct and supervise. We have raised the question whether

(a) Since this was written, Forests have been transferred from the Home to the Revenue and Agricultural Department of the Government of India.

The Future Provincial Contract with the Punjab

Refunds Post Office General Administration

the office could not be combined with some other one, but the Local Government not only states that there is no other office that can be given him, but even proposes to give him an Assistant. We have dealt with this subject under "Excise," where we have referred to the arrangements in force in other Provinces (*vide* paragraphs 31—33)

41 Looking at the purely clerical nature of the work connected with Stamps, and seeing that out of 236 Registration offices 197 are worked by officers who in another capacity are subordinate to, and presumably are occasionally inspected by, the *ex-officio* District Registrar, we think that Rs. 1,500 is altogether too high a remuneration for the mere duties of superintendence of Stamps and Registration, and consider that the Punjab Government should be pressed to combine the appointment with some other existing office, such, for example, as the Inspector-Generalship of Jails, or else to lower the pay to that of a First Class Assistant and to confer the post on a junior officer

The office of Inspector General should be amalgamated with some other office or the pay should be reduced

REFUNDS

42 We have only to note regarding these that they are taken at the average of the five years, 1881-82 to 1885-86 (Revised), none of which years contain exceptional figures (but see paragraph 35, Assessed Taxes)

POST OFFICE

43 The Budget figures under this head were Receipts 25 and Expenditure 38 on Mail Cart Services, which, we were informed, were about to cease, and Expenditure 31 on account of District Post. The Government however now inform us that the Mail Cart Services are not meant entirely to cease and that 7 more will be required for a Mail Cart Service at Jhang. We have made no estimate of corresponding receipts. We get therefore $34 + 7 = 41$ Expenditure

Mail Carts

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GENERAL ADMINISTRATION

44 The 9,70 of Provincial Expenditure under this head is composed as follows according to the Budget of 1886-87 —

Sub heads of expenditure

(1) Lieutenant-Governor	96
(2) Household	26
(3) Travelling allowances of Lieutenant-Governor and household	55
(4) Ditto of Secretariat	23½
(5) Civil Secretariat	2,05½
(6) Military Secretariat	36
(7) Financial Commissioners	1,82
(8) Commissioners	3,37
(9) Provincial Establishment in Account Office	9
	<hr/> 9,70 <hr/>

45 Under the first three heads we repeat the Budget provision. All that seems necessary to note about the fourth head here, is that 4 out of the 23½ is provided for the Military Secretariat and that the greater part of this 1 should be saved, now that the main work of that branch has ceased

Pay, &c, of the Lieutenant-Governor

The Future Provincial Contract with the Punjab

General Administration

Civil Secretariat Establish- 46 Since 1882 the staff of the Civil Secretariat has
ments been as follows —

		R
Secretary on		2,500
Junior Secretary on	1,300 rising to	1,600
2 Under Secretaries on	R1,000 and	900
3 Assistant Secretaries (including Meer Moonshee) on an average of about		600

The total cost of the Secretaries is about R7,500 a month. There are 58 Clerks, costing on an average R108 a month and aggregating R75,000 a year.

47 There is no division of the Clerical Staff into Departments. The number of letters received in 1885 was 24,472, and the number issued 19,224, besides 709 unofficial references.

48 The recent increase in the contingent expenditure of the Secretariat has been explained at length, and is due to special causes. In the Budget of 1886-87 it returns to a smaller scale. We drew attention to the very large expenditure upon postage, both in the Secretariat, and in some other offices in the Punjab. We received no reply, but a verbal explanation attributed it to an expensive method of carrying records between Lahore and Simla by post.

49 Upon the whole account of the Secretariat, the Punjab Government admits an over-estimate of R2,000 or R3,000 for Clerks, and it may be possible to reduce the heavy postage charges.

50 The pay of the Military Secretary, which varies according to rank, and is 16 in the Budget for 1886-87, will be saved by the transfer of the Punjab Frontier Force to the jurisdiction of the Commander-in-Chief. In his establishment and contingent charges,—which add 20 to this charge—a saving should be effected, but the Government urge that as the office deals with other subjects beside that of the Punjab Frontier Force, only a part of the establishment can be spared. As we found that this matter was being discussed between the Punjab Government and the Military Department of the Government of India, we have abstained from enquires into it. We note, however, that the average pay of the establishment is R135 a month, whereas that of the Civil branch is R108 only, a fact which would indicate the possibility of some saving in the scale of salaries.

51 There are two Financial Commissioners drawing respectively R3,500 and R3,000. They have two Secretaries on R1,200 and R900. This scale was sanctioned as part of the re-organisation in 1881, before which there was one Financial Commissioner only, the second one now taking the place of the then Settlement Commissioner. The Local Government does not think saving in these appointments to be possible.

52 We drew attention to the fact that the establishment had an average salary of R120 a month, whereas in the Civil Secretariat the average was much less. The Government in their reply state that the "Financial Commissioner hopes to reduce the average scale of salary in revising the establishment," but it would appear that he has meantime proposed an increase of hands, costing R3,250, of which no part is met by any reduction in the scale of existing salaries.

The Future Provincial Contract with the Punjab

Law and Justice, Courts

53 Our question as to the existing Assistant Secretaries was met by the explanation that these are really what are elsewhere ministerial appointments, that is, Office Superintendents or Registrars. If that is the case, the clerical establishment is really composed of 28 men drawing an aggregate of Rs50,600, or an average of Rs150 a month. It follows that if the scale of salaries in the Financial Commissioners' Office was reduced to the scale prevailing in the Secretariat, *viz*, to an average of Rs108 only, the twenty-eight men would cost only Rs36,288, and there would be a saving, as compared with the present scale, of over Rs14,000—four times as much as the Financial Commissioners require for their proposed additional establishment.

54. The number of the Commissioners has been reduced from ten to six in the recent re-organisation, which transferred part of their duties to special judicial officers. In this case also we drew attention to the high average rate of pay of the clerical establishment, which was Rs110 a month, the corresponding figure in the North-Western Provinces being Rs90. The reply of the Government is not clear as to the necessity for this. It is obvious, as the Government say, that the cost of a Commissioner's Establishment must on the average be higher than that of a Deputy Commissioner's, but not that the difference should be so great as between an average salary of Rs50, and an average salary of Rs110.

55 A Commissioner's pay in the Punjab is Rs3,000 (2,750 + 250 travelling allowance) a month. The pay, as proposed to the Secretary of State in the re-organisation in 1883-84, was the formerly prevailing one of Rs2,500 + 250 travelling allowance. The circumstances of the increase have not been explained in the papers in our possession.

56 It would seem that on the whole expenditure provided under Administration we may assume a reduction of Rs2,500 for over-estimate under Civil Secretariat, and of Rs16,100, the provision for Military Secretary's pay, say Rs19,000, including other allowances of the Military Secretary. There is also, as above explained, possibility of further savings. The question of bill-journey(a) allowances is also not yet included in these figures.

LAW AND JUSTICE, COURTS

57 *Expenditure* — The 27,89 of the Budget of 1886-87 is made up as follows —

Sub heads of Expenditure				
Chief Court—Judges	.	.	.	1,67
Establishment	.	.	.	96
Law Officers	.	.	.	35
Civil and Sessions Courts	.	.	.	12,33
Small Cause Courts	.	.	.	41
Criminal Courts	.	.	.	11,85
Refunds	.	.	.	32
				27,89

58 The charges under this head have been considerably increased by the recent Punjab Courts Act, and the re-organisation of Courts intended to carry out its provisions. This re-organisation was carried out with the double object of improving the administration of justice, and of better-

(a) The allowances granted to officers accompanying the Punjab Government to Simla have been separately considered—*vide* Volume II, Chapter XIII, Section E.

The Future Provincial Contract with the Punjab

Law and Justice, Courts

ing the position of the members of the Punjab Commission In view of the fact that the scheme has been in operation for less than two years, we abstain from making any proposal for its reconsideration, but we think it right to point out that it is in some respects a more costly system than that of any other Province, and that if any modifications, either of system or of *personnel*, are to be introduced (of which we understand one or two to be at present in contemplation), they should certainly be in the direction of reducing, and not of increasing, the expenditure

59 The following general sketch of the scheme of Civil Jurisdiction is necessary as a preliminary explanation of the system at present in force ---

Limit	Original Jurisdiction	First Appeal	Second Appeal
R 500 Small Causes 500 Other Causes	Munsiff Do	District Judge Divisional Judge	None Chief Court (unless first Appeal dismissed) Chief Court
1,000 5,000	Do Sub-Judge	Do Do	Chief Court { The annual number of original suits of these values is about 1,100
Above	Do	Chief Court	

60 The Chief Court consists of four Judges, and in the opinion of the Punjab Government the addition of a fifth will shortly be necessary This would give it as large a staff as the High Court of the North-Western Provinces, where the amount of litigation to be provided for is far greater, but it must be remembered that in the Punjab second appeals (which it will be seen from the above sketch are the main work of the Chief Court in its Civil Jurisdiction) are allowed on matters of fact, and are not, as in other Provinces, confined to matters of law

61 The Divisional Judges, of whom there are thirteen, have salaries of Rs1,800, 2,250 and 2,500, and besides Civil work have Sessions duties also They correspond to Civil and Sessions Judges in other Provinces, and they all have more than one district in their jurisdiction It will be seen from the above that appeals of however small value are tried by them, the only cases too small for their jurisdiction being Small Causes of less than Rs500 in value

62 The District Judge is in thirteen districts a separate officer, in seventeen the Deputy Commissioner exercises the powers Of the District Judges, twelve are also the only Subordinate Judges of their Districts, and one, that of Simla, has a Subordinate Judge under him Of the seventeen Deputy Commissioners, nine have Subordinate Judges, and eight (in the smaller districts) have no such assistance Of the thirteen District Judgeships, nine are reserved for officers of the Commission, five on Rs1,500 and four on Rs1,200 One of these appointments is at present held by a Native on two-thirds of the salary which a European would draw The remainder are taken from the staff of Extra Judicial Assistant Commissioners, of whom the four seniors get Rs1,000 and Rs800

The Future Provincial Contract with the Punjab

Law and Justice, Courts

63 The Munsiffs' powers are exercised by a staff of Munsiffs (numbering apparently 83, but of whom, through vacancies in the staff, possibly only something over sixty are actually on duty) and by extra Judicial Assistants, so far as they do not through officiating vacancies occupy higher grades. There is at least one Munsiff in every district, except Simla (where there is a special Subordinate Judge) and the Trans-Indus Districts.

64 Although the Divisional Judges are not, as compared with the Civil and Sessions Judges of other Provinces, overpaid with reference to the jurisdiction they exercise, there seems to be a waste of judicial power in including within their jurisdiction causes of which the value runs down to one rupee.

65 The District Judges appear to be very highly paid with reference to their work. They have no greater original powers, and they have much smaller appellate powers, than are exercised in the older Provinces by Subordinate Judges, whose pay is, according to grade, Rs500, Rs600 and Rs800 (a), and yet they draw in five cases Rs1,500, in four Rs1,200, and receive in only four cases less than the latter amount.

66 Those Subordinate Judges who are not District Judges draw pay comparable to that drawn in other Provinces, but when we come to the Munsiffs we find that they also draw higher allowances than elsewhere, as there are reckoned among them officers drawing Rs500 and upwards.

67 The distribution of officers was made on the general principle that an officer, whose time was wholly given to judicial work, should be able to dispose of 960 to 1,200 cases a year, a Small Cause being considered half a case. The returns show that those Munsiffs, who are purely judicial officers, get through just over 2,000 cases a year (including Small Causes).

68 The present scale of expenditure upon the Civil Courts (estimated at 12,33) includes some special establishments which have been provided to overtake arrears, which had accumulated under the old system, and which the new system at first, in consequence of the use of double benches, failed to overtake. We are informed that Rs24,000 are provided in the Budget for temporary Divisional Judges, and Rs18,000 for an additional or fourteenth permanent Judge. This Rs12,000 we therefore omit in our estimate of the future scale of expenditure.

69 As already noted, the Punjab Government considers that it will be necessary immediately to create a fifth Judgeship in the Chief Court, as well as a fourteenth Divisional Judge. We have not considered these requirements in fixing the terms of the Provincial Contract. It will be for the Provincial Government to satisfy the Government of India of the necessity of making additional allowances sufficient to meet them.

70 The expenditure under the head of Small Cause Courts represents three Courts. Delhi (number of cases 3,233), Amritsar (number of cases 4,167), and Lahore (number of cases 5,357). The Judges are three of the Extra Judicial Commissioners. The Lahore Judge is allowed a Munsiff as Registrar who has jurisdiction up to Rs10

(a) In Bengal, Small Cause Court Judges are graded with Subordinate Judges and there is a grade of Rs1,000 also

The Future Provincial Contract with the Punjab

Law and Justice, Courts

71 The question was raised under the head of Criminal Courts whether it was not possible to abolish the separate Cantonment Criminal Courts—Cantonment Magistrates Magistrates The Cantonments of Umballa, Jullundur and Meeran Meer are too far from the Civil Stations to admit of any other arrangement than that of appointing special officers for the conduct of the work. As regards the other places, where Cantonment Magistrates are appointed, the following figures shew the amount of a year's work (1885) —

	Criminal Civil Cases	Miscellaneous Civil Cases	Execution Cases	Cantonment Act Cases	Other Criminal Cases
Sialkot	392	45	180	121	87
Ferozepore	1,527	43	759	310	195
Rawal Pindi	1,725	101	1,008	622	185
Mooltan	759	32	307	429	84
Peshawar	565	25	622	427	87

72 The exact meaning of our enquiry as regards these officers does not appear to have been quite apprehended by the Punjab Government. We do not doubt that some of them have their time fully occupied, and that the transfer of their work to the regular District staff would necessitate the enlargement of the latter, in such cases, by one man. But a Cantonment Magistrate in the Punjab costs on an average RS50 a month, because though his time is largely (perhaps mostly) taken up with petty and unimportant work, an officer must be provided of standing and qualifications equal to the occasional important work that he may have. The question therefore was whether, by amalgamating the work with the rest of the work of the District staff, it could not be adequately provided for at an additional expense of less than RS50.

73 Our suggestion is that at stations, where an Assistant Commissioner is posted, he should undertake the Cantonment cases in which Europeans are concerned, and that an additional Extra Assistant Commissioner be appointed for the other cases, where they are sufficient in number to justify such an appointment, which hardly seems to be the case in Mooltan and Peshawar and certainly not in Sialkot. It would probably be necessary also to allow a Staff salary of R100 to the Station Staff officer or other selected military officer for doing the executive work (sanitary and other) of the Cantonment under the orders of the Commanding Officer. This would produce a saving of above R500 a month on an average in each of these Cantonments.

74. Our attention was also drawn to the number of the clerical Establishments, regarding which we have to note the following statistics —

	Number of Clerks provided in the Estimates		
	1884-85	1885-86	1886-87
Civil and Sessions Courts (clerks and servants)	41	227	334(a)
Criminal Courts	588	580	569
TOTAL	629	807	903

(a) The clerks and servants are shown separately only in the estimates of 1886-87, viz., clerks 188 (105+83) and servants 146 (90+56)

The Future Provincial Contract with the Panjab

Law and Justice, Jails

It might have been expected that the relief of the Criminal Courts by the new Civil and Sessions Courts would have caused some appreciable diminution in the establishment of the former

75 Receipts (Budget Estimate 3,41) — There has been a continuous reduction in the receipts under this head, partly because the figures of the year on which the Contract was based included some special items, and partly because good seasons and times of peace have reduced that part of the receipts which represents magisterial fines. The estimate of 3,41 is accepted by the Provincial Government

Decrease of judicial receipts anticipated continuous

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LAW AND JUSTICE, JAILS

76 Manufactures (Budget Estimate 3,06 — 1,54=1,52) — The net receipts from Jail manufactures have been increasing of recent years, but mainly by reason of the employment of convicts upon certain irrigation works, which are now so far advanced, that there is little opportunity for the employment of large numbers in a single place, the only method which does not involve too great cost in guards and other arrangements. The net amount 1,52 is composed of 1,03 gained by hire of convicts and 47 by other employments, and the Punjab Government maintains that it will on the whole suffer a loss of 50 by the cessation of the irrigation works. The question of the remunerative employment of prisoners is, we are informed, engaging the attention of the Government

Decrease of net receipts anticipated

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77. Other Items — Dividing the supplies and services from the other expenditure, the following figures give the statistics of past years —

Statistics of past years

	Supplies and Services	Other charges	Total
Accounts, 1881-82	4,34	3,97	8,31
Contract, 1882	4,35	3,89	8,24
Accounts, 1882-83	3,55	4,02	7,57
1883-84	3,27	3,79	7,06
1884-85	2,92	3,85	6,77
Revised, 1885-86	2,25	3,64	5,89
Budget, 1886-87	3,05	3,98	7,03

78 We proposed to the Punjab Government to reduce the estimate of 7,03 to 6,20, mainly on the ground that an unnecessarily large margin had been provided for possible high prices and possible increase in the number of prisoners. They objected to this reduction and proposed either of two courses (1) that the Estimate should be increased to 8,00 in all,—that is, from 6,20 to 6,46 under supplies, services and other charges in addition to the 1,54 given for manufactures, and that while they themselves would bear the burden of any further increase to the extent of 50, any excess over 50 should be borne by the Imperial Government, or (2) that the Budget Estimate as it stands should be taken. The first of these courses involves arrangements which are almost unworkable in themselves, and are certainly opposed to the principles of Provincial responsibility. The second involves a higher demand than the expenditure seems to

Budget provision unnecessarily high Reduction proposed

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The Future Provincial Contract with the Punjab

Police

warrant Admitting that the existing scale of expenditure is specially low, still the first four years of the Contract give an average of 3,00 for supplies and services, and of 3,82 for other charges, total 6,82, and the chances are that an average taken over the five years, when they are complete, will be still smaller. We may therefore safely reduce the estimate of 7,03 to 6,82. Thus, it will be seen, provides nearly a lakh of rupees for expansion above the scale of last year, 1885-86.

POLICE

Sub heads of expenditure
Net charges steady

79 *Provincial Expenditure* — The Budget Estimate is 31,13, besides Imperial 2,39. This amount is made up as follows —

Superintendence	.	1,40
District Force		28,82
Special Police	. .	52
State Railway Police	. . .	6
Cattle trespass	. . .	31
Refunds	.	2
		<hr/> 31,13 <hr/>

The net charges, after deduction of receipts on account of Municipal Police, have hardly varied for some years.

80 There are in the Punjab an Inspector-General and three Deputies. In the North-Western Provinces, with a larger force, and

Superintendence

a much larger number of districts, there are an Inspector-General and two Deputies. The Government of the Punjab justify the existence of the larger number of Deputies, by insisting upon the greater necessity of discipline among the Punjabis, and by claiming that much of the

Deputy Inspectors General,
the nature of their work
Proposed reduction in number
from three to two

work done by the Police Department in the Punjab is thrown upon Commissioners and Magistrates in the North-Western Provinces. The first of these arguments is to some extent a matter of opinion, but even admitting it, it seems insufficient to justify so large a difference as that between four inspecting officers for 29 districts, in the Punjab, and three inspecting officers for 44 districts in the North-Western Provinces. So far as regards the second reason given by the Punjab Government, our enquiries in the North-Western Provinces show that the Punjab authorities are wrongly informed, and that as a matter of fact the Deputy Inspectors-General in the North-Western Provinces deal with a number of subjects which seem to be outside the work of the Police Department in the Punjab. We have obtained from the Inspector-General in the Punjab, a list of twenty-three items describing the duties of the Deputy Inspectors-General. Several of them are covered by the general description of supervising and directing the work of subordinates, but taking the twenty-three as they stand, there is only one out of them all, *viz*, the hearing of appeals from men dismissed by the district authorities, which does not fall within the functions of the Deputy Inspectors-General or of the Inspector-General in the North-Western Provinces. Even in the case of this one item, the Police Department is not really relieved of any work, as all second appeals, which are almost a matter of course, are preferred to the Local Government and are practically re-examined by the Inspector-General.

81 On the other hand, the Inspecting Officers in the North-Western Provinces have a great deal to do which is not included in the duties of those of the

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Police

Punjab For example, they have to examine and direct the operations of the Police in the prosecution and suppression of crime, more especially of organised crime. Not one of the twenty-three duties quoted to us by the Punjab authorities has any reference to crime, and of the 127 questions, the answer to which constitutes a Deputy Inspector-General's inspection report in the Punjab, not one refers to the state of crime, to success in investigation, to the personal proceedings of the higher officers in investigation or to cognate subjects, all of which have a prominent part in the inspections of the North-Western Provinces officers. In short, the Deputy Inspectors-General in the Punjab confine themselves to matters of discipline, organisation, arms, accoutrements, office work and rules of business, and the 127 questions we refer to might, in our opinion, in very many instances be completely dealt with by officers of the standing of clerks. We do not doubt that the three officers in question are fully employed, but we think that it would be easy so to re-allot the duties that the Inspector-General and two Deputies at most might do them all. The difference between the organisation of the Punjab and of the North-Western Provinces seems to us to be this. In the latter the three officers, the Inspector-General and his two Deputies, divide among themselves the whole work of inspection, the Inspector-General taking a rather smaller share, as he has also to act as the supervising officer of the other two. There are thus only two stages in the Department, the executive officer and the superintending staff above him. In the Punjab, on the other hand, the Deputy Inspectors-General make a distinct third stage in the work, of which the whole amount is thus multiplied. We do not think that the Punjab Government has shown that it could not easily so re-arrange the work that, as in the North-Western Provinces, all, that is necessary to be done by highly paid officers senior to District Superintendents, could be done by the Inspector-General and two Deputies.

82 As regards the Inspector-General's office establishment we find that, besides the Personal Assistant, graded as a District Superintendent, allowed him, he employs on his establishment in purely clerical work one of the District

Inspector General's office, a Superintendent as well as the Personal Assistant employed in

Superintendents allotted to the Province. The employment in this way of an officer created under a special

Act of the Legislature appears to be an unnecessarily costly arrangement, and we think it ought to cease. An Office Superintendent on R200 or R250 seems more suitable to such a position. The Inspector-General quotes him as "employed in lieu of a Superintendent on R400," but as the highest paid officer in the office of the Inspector-General of Police, North-Western Provinces, gets R300 only, we are not prepared to admit the necessity of the employment of a Superintendent on R400 in addition to the Personal Assistant.

83 The Inspector-General has also the immediate assistance of two other officers of the standing of District Superintendents, making four in all. One of these is the Assistant Inspector-General for Railway Police, the other is a specially employed officer whose status will be noted hereafter (paragraph 85).

The Inspector General immediately assisted by two other officers

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specially employed officer whose status will be noted hereafter (paragraph 85).

84 The abolition of one of the Deputy Inspectors-General should diminish the cost of the Superintendence by R20,000 a year, as it should reduce not only the salary charges but also those for contingent and other expenditure. The District Superintendent, to whose employment we have raised objection, costs at least R3,000 per annum more than an Office Superintendent would cost, and this amount also might be saved.

Proposed savings

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Police

85 It will be convenient to notice the Special Police here. The Budget provision is 52, out of which 12 represents the provision for a small Department engaged under the direction of a selected District Superintendent in collecting and recording information relating to political offences and political matters. It is partly in connexion with the Foreign Secretariat of the Government of India, which pays (through inter-provincial adjustment) Rs. 4,800 a year towards the charges, in addition to the Rs. 12,000 provided in the Budget Estimates of the Punjab Government, the actual charges amounting to about Rs. 16,800 (and the deduction being wrongly taken against the estimate of expenditure instead of in the adjustment). The work of this Department is very nearly allied to part of that performed by the Superintendent of Thuggee and Dacoity, and we have suggested in dealing with that Department, (a) that it might be possible to abolish the separate Department under the Government of the Punjab and to amalgamate the work with that of the Superintendent of Thuggee and Dacoity. Such a measure would save the Rs. 16,800 which the Punjab Government pays and would add only some very small amount, if anything, to the establishment of the Thuggee and Dacoity Department.

86 The thirty-one District Superintendents provided under the head of District Executive Force are exclusive of the four above mentioned as attached to the office of the Inspector-General, of whom we have recommended the abolition of two. There are, besides, twenty-four Assistantships, of which some are required for officiating vacancies in higher grades and some are special appointments reserved for Natives. The proportion of Assistants is higher than in some other Provinces, but they are said to fill to some extent the place which in other Provinces is occupied by the comparatively large number of Inspectors. We think that for small districts like those of the Punjab, the staff of Assistants should not be larger than is necessary to fill up vacancies among the District Superintendents, that is, that there is no occasion for having more than one qualified officer (Superintendent or officiating Superintendent) actually on duty in each District. For subordinate charges, Inspectors are, save in very exceptional cases, preferable to Assistant Superintendents, and the same money, which provides one Assistant, will provide two Inspectors.

87 There has been some recent increase in the miscellaneous allowances of constables, but it did not add to the whole cost of the force. A reduction in the number of Mounted Police was made the occasion of affording some special allowances which the Local Government considered to be required, as generally improving the position of constables and promoting recruitment. One new charge, that for Chinawan Guards, is likely to cease shortly, being connected with the employment of convicts upon irrigation works.

88 Our attention was drawn to several excesses over Budget grants on account of contingent expenditure. Our enquiries showed us that the expenditure was in practice well controlled, but that through deficiencies in the procedure (which will be remedied) the control was not sufficiently connected with the actual accounts.

(a) *Vide* Volume II, Chapter VI

The Future Provincial Contract with the Punjab

Police

89 It is difficult for us to pronounce an opinion upon the question of the strength of the Police force, as it may be affected by matters not within our cognisance, but we have obtained the following statistics, and it is at least remarkable that in all three respects, in which it is possible to make a comparison, the force in the Punjab is much stronger than that in the other two Provinces of Northern India —

Comparative table showing number of Police proper per 10,000 of population, per 100 square miles and per 1,000 cases of cognisable crime (1884)

Provinces	Number of Police proper	Population	Area in Square miles	Number of cognisable crimes	Number of Police per 10,000 of population	Number of Police per 100 square miles	Number of Police per 1,000 cognisable crimes
North-Western Provinces and Oudh	25,024	43,268,599	94,583	152,786	5.7	26.4	162.7
Bengal	24,004	65,961,160	151,823	112,315	3.6	15.8	213.6
Punjab	20,660	18,842,264	106,632	62,510	10.9	19.3	330.5
Central Provinces	8,407	9,838,791	84,445	20,437	5.5	9.9	410.3

90 *Imperial Expenditure* — The Imperial Expenditure comprises two items, the first being a frontier force of Police which costs 93 (besides 6 for buildings) and the Police on the North-Western Railway costing 1.46. As regards the first, the Punjab Government have no objection to accept it as a Provincial charge, provided that the assignment for it will be increased in the event of Political troubles necessitating the increase of the force (a). As regards the second, which is at present a body distinct from the District Police, managed by a special officer, and costing 1.46 per annum, proposals are at present under discussion for substituting for it a force organised on the plan introduced on other Railways in India, namely, chaukidars for watch and ward, who will be under the orders of the Railway authorities, and a limited Police force under the orders of the Police Department. This measure will tend in a small degree to economy.

91 The only change we make in the estimate of future expenditure is the reduction of 16 provided for Chinaman Guards, which goes with the reduction of the 50 under hire of convict labour. This reduces the estimate from 31,13 + 2.39 to 30.97 + 2.39. But the other reductions we have proposed, would amount if they were carried out to—

	R
<i>Provincial</i> — One Deputy Inspector-General about	20,000
One District Superintendent, about	3,000
Special Police Bureau, provision	12,000
<i>Imperial</i> — New system of Railway Police	Not estimated

92 *Receipts, 6,13* — These are chiefly the receipts from Municipalities and Cantonments on account of their Police. At present the Municipal and Cantonment Police are part of the regular Provincial force, contributions being received for their cost, which is thus credited and debited in the Government accounts. Not much has yet been done towards carrying out the order of 1882, that the Police charges should be taken over from Municipalities and an equal amount of other charges given. The preliminary step of raising the Municipal Police charges to a sufficient standard has been the subject of orders by the Local Government and no charges have been taken over without the substitution of an equivalent.

(a) See also Volume II, Chapter IX, Section C, paragraphs 30—35

The Future Provincial Contract with the Punjab

Education

93 Part of the receipts represent the income of pounds as it stood in March or April last. Since then, a part both of the Pound Funds receipts and charges of pounds has been transferred to Local Funds. Subject to the adjustment arising from this transfer the estimate is accepted by the Local Government.

EDUCATION

94 *Expenditure* (Budget Estimate 8,78) —The expenditure under the head of Education is almost necessarily increasing, the largest share of the increase being under Grants-in-aid. The Provincial expenditure of 1884-85 was 7,14, and the Revised Estimate of 1885-86 was 7,40, as it included a special grant of 40 to the Punjab Chiefs' College. A still larger increase of 1,38 has been made in the Budget provision for 1886-87, and the Local Government consider the whole amount necessary to enable them to carry out their intentions as regards Grants-in-aid.

95 Out of the Budget Estimate of 8,78, however, 75 represents a temporary obligation. The "Punjab Chiefs' College" has been started partly with the political intention of preventing the better classes in the Punjab from being ousted by foreigners in the race for education and for Government employment, and the Local Government has pledged itself to make a grant from Provincial revenues of a rupee for every rupee subscribed from private funds towards the building and endowment. A good deal more than 75 will be spent on that account in 1886-87, and something will remain to be spent in after years, though it is understood that the fund, as originally designed, is nearly complete. The charge is a somewhat heavy one at present, and it seems advisable to leave it out of the reckoning in fixing the ordinary charges of Education, and to provide for it (if necessary) specially in the Provincial arrangement to be made, by adding to the assigned revenues an amount equal to the subscriptions received after 1st April 1887. The only permanent charge which is intended to be borne by Government on account of this College is about ₹17,000 per annum for the pay of the Principal, a retired Colonel on Colonel's allowances.

96 As regards the grant itself, the Punjab Government represents that it is pledged to it. The grant has already, as we understand, involved a liability of about 1½ lakhs of rupees. Building grants on such a large scale, at so high a rate in proportion to the contributions, and to a class so eminently able to provide for its own wants, are opposed to the general policy of the Governments in India, and we cannot help remarking that at the time the Government of the Punjab pledged itself to give aid out of Provincial revenues to an amount equal to that paid up by subscription, the Provincial revenues were already insufficient for the expenditure charged against them. We consider it very doubtful if such a pledge should be admitted as a ground of claim for additional aid from the Imperial Government.

97 *Receipts*, 92 —The estimate is accepted by the Punjab Government, but the amount ought certainly to be increased in future. Steps have been taken to increase the rate of school fees, and it is intended to double them, by adding a quarter to the rates every year for four years.

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Medical

98 Since the Budget was drawn up, twenty-eight District schools (with attached primary schools) have been made over to Municipalities. Their receipts are Rs35,000 and their expenditure Rs1,87,000, which will be adjusted against the transfer of Police charges, referred to under the head of Police.

99 The Local part of Education is not referred to in these figures. It is composed of three lakhs expenditure upon schools, and of nearly two lakhs other expenditure, upon inspection, Grants-in-aid and scholarships, and the receipt side shows half a lakh of fees. The general aim of the Punjab Government is to withdraw from the direct management of schools, by placing existing schools under Municipalities and District Boards, and by substituting the grant-in-aid system for that of direct Government support.

MEDICAL

100 *Expenditure*—The Budget estimate is 5,74—This is accepted by the Local Government as the present measure of the expenditure. But it is subject to a reduction of 11 as explained under the head of Vaccination.

101 The Local Government are prepared to accept one economy here in the superior establishment. They consider that the Inspector-General is well able to supervise Sanitation as well as Dispensaries, and in this view we concur. The establishment is at present—

	R	R
Inspector-General, Civil Hospitals, on	2,000	
Sanitary Commissioner on	1,200 to 1,500	
Deputy Sanitary Commissioner on	700	

for which might be adequately substituted—

	R	R
One Inspector-General on	2,000	
One Deputy Inspector General on	700 or 1,000	

102 In the district staff, the provision of uneovenanted medical officers has been made to the full extent, some districts in fact being officered by Assistant Surgeons. In only one, Delhi, is the Civil Surgeon allowed an Assistant. There does not appear to be more Government work at Delhi than in many other large Civil Stations, and it appears to us that if a Civil Surgeon, in consequence of his having an especially large field for private practice, finds that he requires an Assistant to enable him to discharge his public duties, the charge for the Assistant should fall upon him, not on Government. One or two local allowanees are given for attendance upon educational institutions, viz, Rs50 a month in respect of the Government College, Lahore, and Rs10 for the Zillah School at Delhi, the necessity of which is not apparent. Nor have we received any explanation of the occasion of the supply of Rs6,000 worth of medicines to Civil Surgeons, at the cost of Government.

103 The questions raised under the head of Medical Establishment are not for the present taken as diminishing the estimate of future expenditure.

104 Hospitals and dispensaries are mostly supported from Local or Municipal Funds, the charges being respectively 44 Provincial, 1,68 Local and 1,81 Municipal. Half of the Provincial charge represents Police hospitals, and the other half a few hospitals, or grants to hospitals, which for special reasons are not entirely supported by Local

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Political Scientific and Minor Departments

bodies The Government has power to declare a certain percentage of Local or Municipal income appropriable to medical relief, and the rules also prescribe a certain standard of private subscription

105 Measures have been taken to stop a few irregular grants of allowances to medical officers attached to hospitals

106 The Vaccination work was superintended by two Deputy Sanitary Commissioners and by two Native Superintendents paid from Provincial funds. Since the date of the Budget Estimate, however, an economy of Rs10,800 has been secured by reducing the number of Deputy Sanitary Commissioners and of Native Superintendents each to one. The Civil Surgeons are charged with the oversight of Vaccination. All but a few of the vaccinators are charged to Local

107 The Lahore Medical School cost about Rs67,000 in 1885-86, and is estimated to cost Rs86,300 in 1886-87, as its teaching has recently been further developed. Its staff is five Professors, and at the date of the last report there were 138 students. It affords the only higher medical education available in Northern India, and draws students from the North-Western Provinces as well as from the Punjab. It is partly contributed to from Local and Municipal Funds. No fees are at present charged to students, though the question of charging them is under consideration

108 There are two Lunatic Asylums, one at Lahore and one at Delhi. The Superintendents are, as usual, the Civil Medical Officers, with an allowance for the duty, but at Lahore there is also a Deputy Superintendent (*viz.*, an Assistant Surgeon on Rs250 with a special allowance of Rs20). This officer is an addition to the usual staff of such Institutions and the necessity of his retention is being considered by the Local Government

109 By the law in force in the Punjab, District Funds and Municipalities are chargeable with the cost of maintaining pauper lunatics received from their several jurisdictions. The Lunatic Asylum receipts are accordingly nearly Rs30,000 against a charge of Rs37,000

POLITICAL

110 The miscellaneous Political charges, which are very heavy in the Punjab, are, like other Political charges, Imperial, but the question was raised whether the miscellaneous Political charges of Deputy Commissioners might not well be provincialised. The Lieutenant-Governor is opposed to this and states that he will give his reasons if asked (a)

SCIENTIFIC AND MINOR DEPARTMENTS

111 *Expenditure*, 95 — The charges appearing under this head for a Model Farm (Bruceabad) and for Public Exhibitions and Fairs are more than covered by receipts. The expenditure on Botanical Gardens in the Provincial Account is mostly a grant to the Agri-Horticultural Society, and in the Local account covers the charges of arboriculture. The charges on account of the Agricultural Department, include about Rs5,000 on account of cattle-disease, and about Rs3,000 for experiments

(a) Our separate recommendations on this subject will be found in Section C, Chapter IX of Volume II

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Superannuations Stationery and Printing

About R9,000 is paid by the Government for the maintenance of a Veterinary School, and an equal amount by Local bodies as scholarships for students sent to it, the expenditure being partly recovered by payments received for horses treated and for medicines sold

112 The other charges under this head are comparatively small

SUPERANNUATION ALLOWANCES AND PENSIONS

113 The expenditure provided in the Budget Estimate is 6,01, being an increase of 13 over the actual expenditure for 1884-85. Allowing for another year's increase, the probable estimate for the date on which the new Contract would begin would be about 6,16 Receipts have been taken for 1885-86 and 1886-87 at 30, which is smaller than any recent actuals by at least 5 We understood that the Provincial Government would prefer that Superannuations should be transferred to the Imperial Account, on the ground of the large increase which, as they expect, will take place in the next few years (a)

STATIONERY AND PRINTING

114 *Expenditure*, 4,17 —The largest items in this are for the supply of paper, R1,20,000, being the estimated cost of country paper for vernacular records, which is manufactured in and obtained from the jails, and R85,000, that of paper for English correspondence and records, obtained from the Superintendent of Stationery

115 Returns of the cost of stationery received from the Superintendent are submitted by him to the Government, but it does not appear that they are used by, or communicated to, the departmental officers who pass the indents, nor does any return of the consumption of country paper appear to be made The increase of cost from 1,75 in 1881-82 to just over 2,00 now appears, however, to be justified by the increase in the number of officers and of work

116 The charges for Printing are chiefly 1,23 for the Secretariat Press, and 50 for printing lithographed forms at the jail The former of these charges include an allowance for the purchase of stock and of materials, in which the expenditure is estimated to exceed the usual amount by about R10,000, besides a considerable excess under Miscellaneous The establishment has recently been increased by a Deputy Superintendent, the necessity for whom, in addition to a Superintendent, is not very clear It is explained that the appointment is required, because the Government have a branch press at Simla, but, ever since the appointment was made, the branch press has been managed by a "Reader" on R150 a month

117 In 1881-82 the Printing Expenditure fell under the following heads (1) Secretariat Presses, (2) Jail Press, (3) Lithography, (4) Printing by private presses The Jail presses were closed in 1884, and contract arrangements made with two local firms The Jail labour is now employed only upon lithography,—that is, preparation of lithographed forms The Punjab Government have made, and shown us, a calculation showing that the cost of printing under the system now adopted, is about the same as under the system of 1881-82

(a) The Government of India in their letter of July 26 suggested this course, but we have held, here (*vide* paragraphs 139 and 140) and in other Provinces, that it is desirable that this head should remain either wholly or partly Provincial in order that the interest of the Local Government may be enlisted on the side of keeping down the expenditure as far as possible

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Miscellaneous Transfers between Provincial and Local

118 The supply of forms to, and the printing for, the various Departments is arranged for by a system, which passes up all demands to heads of Departments, and enables them to indent through the Press Superintendent. The private presses apparently receive orders in this way only.

MISCELLANEOUS

119 The figures under this head are necessarily somewhat variable, but as recent years exhibit no very great variations we calculate as follows —

	Revenue	Expenditure
1882-83	1,63	69
1883-84	1,60	54
1884-85	1,40	61
1885-86, Revised	1,50	72 (a)
	<u>6,43</u>	<u>289</u>
Average	<u>1,61</u>	<u>72</u>

There seems no reason to anticipate any falling off from this standard on the receipt side. The Punjab Government would place the estimate lower, though admitting that their figure may be exceeded. On the expenditure side they demand to have a reserve over and above the estimated figures, but as we have provided in our estimate for all expenditure, which a careful review of past years shows to require provision, we do not see why any excess should be allowed, the specific appropriation of which cannot be stated.

TRANSFERS BETWEEN PROVINCIAL AND LOCAL

120 The Government of the Punjab treats its Local Funds in somewhat the same way that Imperial and Provincial arrange their mutual transfers, that is to say, revenue and expenditure are occasionally transferred from the one to the other, with an adjustment of contribution such as to preserve the relative financial condition of each.

121 The amount of this adjustment at the time of the preparation of the Budget Estimate of 1886-87 was as follows —

	Due by Provincial to Local	Due by Local to Provincial
Original contribution of 20 per cent	...	2,80
For expenditure transferred to Local—		
Canton Public Works	1,01	
Primary Schools	7	
Vaccination and Vital Statistics	36	
Scholarships in High Schools	18	
For net revenue transferred to Local—		
Cattle Fairs		22
TOTAL	1,62	3,02
NET		1,40

The actual figure shown in the Estimates of 1886-87 was 1,90, the difference is not explained, but apparently arose from some arrears being due.

(a) The figure of the estimate is really 1,08, but this includes a reserve under "Miscellaneous and unforeseen charges," where the estimate is 46, although the expenditure of the three last closed years averages less than 5. It does not seem necessary to take more than 10 as representing actual expenditure.

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Public Works

122 Since the Budget was prepared the following income and expenditure, included in the Budget as Provincial, has been transferred to District Boards —

Adjustments since ordered	Income	Expenditure
Nazul .	8	2
Ferries	1,47	13
Dāk Bungalows .	4	6
Cattle-pounds	45	16
	<hr/>	<hr/>
TOTAL	2,04	36
	<hr/>	<hr/>
NET	1,66	
	<hr/>	<hr/>

The Government giving up 10 out of this amount, acquired the Local Funds to pay to it only 1,56. But as we have taken the revenue and expenditure, in our estimates, under the heads to which they belong, we have to fix the contribution at the standard at which it stood before this transfer, and have therefore taken 1,40 only.

PUBLIC WORKS

RAILWAYS

123 The receipts and expenditure of the Amritsar-Pathankot Railway are stated *pro forma* only as the Railway has ceased to be Provincial.

IRRIGATION

124 The Local Government accept an estimate of 44 on the receipt side, but want 19 instead of 16 on the expenditure side.

CIVIL WORKS

125 Receipts 5,70 — The objection is made to this estimate that it includes considerable receipts by sale of old houses and lands, being Nazul property, and that this property is now getting exhausted so that the receipts from it will fall off. The actual realisations on this account in the previous years up to 1885-86 have been as follows —

	1881-82	1882-83	1883-84	1884-85	1885-86
Sales of Nazul property	17	23	50	43	76
Other Receipts	6,33	6,02	5,63	5,42	5,02
TOTAL	6,50	6,25	6,13	5,85	5,78

The steady diminution of receipts is explained by the falling off of toll and ferry collections arising from the extension of railways.

126 Five lakhs may be taken as the present standard, after allowing for all falling off in sale receipts. Some of these receipts have, since the date of the Budget, been transferred to Local (*vide* paragraph 122).

The Future Provincial Contract with the Punjab

Public Works

127 *Expenditure*—The Punjab Government state the ordinary requirements of the Province at about 27 lakhs, but as one lakh of this is already provided under the adjustment with District Boards, there remain 26 lakhs only as the estimate of necessary expenditure. An examination of the figures of recent years enables us to divide this amount, very nearly as the Budget Estimates divide it, into—

	Average, 1881-82 to 1884-85	Budget of 1886-87	Present Demand
Original Works	8,33	8,58	7,90
Repairs	13,32	12,53	12,50
Establishment	5,91	5,82	6,00
Civil Officers (mostly Ferry collection charges)	39	40	40
Other charges	—7	20	20
	—	—	—
TOTAL	27,88	27,53	27,00
DEDUCT—Transferred to Local Funds (understood to be repairs)			1,00
			—
NET			26,00
			—

128 Thus the 27 lakhs include an obligatory expenditure of 19,10 (against a past average of 19,55) and an expenditure on original works of 7,90 (against a past average of 8,33). Of the 19,10 of obligatory expenditure, 1,00 is now transferred to Local Funds, and provided for in paragraph 121. As regards the 7,90 Original Works, the position of the Punjab Government, as already explained (*vide* paragraph 3), is that they cannot obtain their full demand, unless they get some addition to their present assignment. The figures in the attached statements A and B show that the amount remaining for their Public Works, after all other services have been provided for, is 23,33, against their demand of 26,00. In other words, supposing that the whole of the necessary reduction of expenditure is made under the head of Original Works, they must reduce the 7,90 to 5,23.

129 The Punjab Government has furnished us with a detailed list of original Provincial Civil Works sanctioned and proposed. The works are separated into two classes—(1) Urgent and (2) ordinary. A further statement shows that Rs. 1,79,000 will be needed after the 31st March 1887 to complete original Civil Works now in progress. The original works are classified as under—

	Urgent	Ordinary	Total
	R	R	R
Buildings	13,86,900	39,80,400	53,67,300
Communications	6,98,800	13,40,700	20,39,500
TOTAL	20,85,700	53,21,100	74,06,800

Adding the amount needed to complete works in progress, the total demand for new works amounts to Rs. 75,85,800.

The Future Provincial Contract with the Punjab

Public Works

Detail of original works proposed, but not begun 130 The demand for original works not yet commenced is shown in detail in the following statements —

COMMUNICATIONS

	Urgent	Ordinary	Total
	R	R	R
Metalled Roads—			
Link Roads connecting Grand Trunk Road with Railway	1,00,000		
Restoration of Grand Trunk Road		2,00,000	
Other Works	61,800	66,000	
TOTAL	1,61,800	2,66,000	4,27,800
Unmetalled Roads—			
Widening Road between Sanjauli and Mushobra	20,000		
Pathankot to Lunse	25,000		
Other Urgent Works	19,000		
Sumla to Sumi		2,00,000	
Sanjauli to Kotgarh		1,03,600	
Dera Ghazi Khan and Rajanpur		51,500	
Dera Ismail Khan and Tonk		30,000	
Other Works		86,000	
TOTAL	64,000	4,71,100	5,35,100
Bridges—			
On Kangra Valley Cart Road	4,50,000		
Other Urgent	23,000		
Grand Trunk Road, Tangri Nadi		75,000	
Do do, Umla		1,50,000	
Do do, others		50,800	
Other Works		35,000	
TOTAL	4,73,000	2,00,800	7,63,800
Boat Bridges—			
Over Sutlej at Manzan		50,000	
Second Tiendle Boat at Dera Ghazi Khan		20,000	
New articles of Bridge Equipment everywhere		1,50,000	
TOTAL		2,20,000	2,20,000
Accommodation for Travellers—			
Dak Bungalows		69,800	69,800
Miscellaneous—			
Metalling Station Roads at Montgomery		3,000	
Minor Works		20,000	
TOTAL		23,000	23,000
GRAND TOTAL OF COMMUNICATIONS	6,98,800	13,40,700	20,39,500

The Future Provincial Contract with the Punjab

Public Works

BUILDINGS

Head of Classification	Detailed Heads	PARTICULAR WORKS		TOTAL OF DETAILED HEADS		GRAND TOTAL
		Name	Amount	Urgent	Ordinary	
LAND REVENUE	District Offices	Umballa (New)	R 1,50,000	R	R	R
		Delhi (additions)	50,000			
		Others	85,000			
	Treasury Buildings			24,000	2,85,000	2,85,000
	Tehsil Buildings			1,28,700	10,000	34,000
	Circuit Houses				4,28,400	5,67,100
	Minor Works				27,000	27,000
					1,00,000	1,00,000
	TOTAL			1,52,700	8,50,400	10,03,100
FACIES	Distillery Buildings			6,000	34,400	40,400
SECRETARIAT	Secretariat	Servants' houses	4,000			
		Minor Works	50,000		54,000	54,000
MONUMENTS AND ANTIQUITIES	Museums	Lahore	3,00,000		3,00,000	3,00,000
	Monuments	Gujrat Battlefield	10,000			
		Restoration of historical, &c	1,50,000			
		Minor Works	20,000		1,80,000	1,80,000
	TOTAL				4,80,000	4,80,000
LAW AND JUSTICE	Divisional and District Judges' Courts			82,800	74,700	1,57,500
	Sub Judges' and Magistrates' Courts			40,000	1,10,700	1,50,700
	Minor Works				50,000	50,000
	TOTAL			1,22,800	2,35,400	3,58,200
ECCLESIASTICAL	Churches	Remodelling Ludhiana Church	6,000		6,000	6,000
	Cemeteries	Extension at Murree	5,000		5,000	5,000
	Minor Works				30,000	30,000
	TOTAL				41,000	41,000
JAILS	New Jails	Amritsar	6,60,000	6,60,000		
		Mooltan	12,00,000			
		Kohat	40,000		12,40,000	19,00,000
	Other works	Lahore (60 Solitary Cells and Juvenile Workshop)	26,300			
	TOTAL	Other Works		1,49,800	3,19,600	4,68,900
POLICE	Police Stations					
	Rest houses			1,06,700	2,49,300	3,56,000
	Quarters, Barracks, &c			8,000	60,300	68,300
	Police Hospitals			25,700	14,500	40,200
	Police Office			13,600		13,600
	Minor Works			6,000		6,000
					1,02,600	1,02,600
	TOTAL			1,60,000	4,26,700	5,86,700
EDUCATIONAL	Schools	Sanawar (including Boys' and Girls' Schools)	1,21,100	58,100	63,000	1,21,100
		Laboratory, Lahore College	7,000	7,000		7,000
		Other Works			20,000	20,000
	TOTAL			65,100	83,000	1,48,100
		Carried forward		13,15,900	37,64,500	50,80,400

The Future Provincial Contract with the Punjab

Adjustments

BUILDINGS—continued

Head of Classification	Detailed Heads	PARTICULAR WORKS		TOTAL OF DETAILLED HEADS		GRAND TOTAL
		Name	Amount	Urgent	Ordinary	
		Brought over	R	R	R	R
MEDICAL	Colleges Hospitals	Lahore (Dissecting Room)	16 300	16 300		16,300
		Lahore (Lying in and Veterinary)	25,000	25,000		
		Mayo Hospital (European Ward)	70,000		70 000	95 000
	Minor Works			10 000	20 000	30 000
	TOTAL			51,300	90,000	1 41 300
MISCELLANEOUS	Rest houses, &c			19,700	9,900	1,15 600
	Minor Works				30,000	30 000
	TOTAL			19,700	1,25,900	1,45 600
GRAND TOTAL OF BUILDINGS				13 86,900	39,80 400	53 67 300

131 The Punjab Government states that these lists will be forwarded to all Heads of Departments and others concerned for careful revision and re-classification

Lists to be revised

132 The proposed outlay on Civil Buildings is large, and while many works are put forward for construction, which might well be undertaken, if funds are forthcoming, there are works included in the lists, which should apparently be considered only when the finances of the Province are in a flourishing condition

Proposed outlay on buildings in excess of available funds

133 The construction of a Jail at Mooltan at a cost of twelve lakhs and of another at Amritsar for Rs. 60,000, the erection of a Museum to cost three lakhs, and an outlay of 1½ lakhs in the restoration of buildings of historical and architectural interest, are doubtless conceived in a liberal spirit, but such outlay does not appear to be in place at a time when rigid economy is necessary. The contemplated outlay of 10 lakhs on Land Revenue Buildings, of 3½ lakhs on Court-houses and of nearly 6 lakhs on Police Buildings could probably be considerably reduced by adopting a less expensive style of building, which would, nevertheless, meet all the requirements of the present and coming generations.

134 Again, under the head Communications, the expenditure of two lakhs on a road from Simla to Sum and of 1½ lakhs on the improvement of the Mushobra and Thibet roads should not, in our opinion, be incurred in days of retrenchment.

Hill roads

135 The construction of Railway feeders and the Kangra Valley bridge, and the necessary outlay to place the grand trunk road in an efficient state, are, however, of great importance, and should be carried out as soon as funds will permit.

Railway feeder roads, &c

136 It is, however, clear that it is not possible to make provision for an outlay during the next five years at all approaching to the demand made by the Government of the Punjab.

ADJUSTMENTS

137 The Budget Estimates provide for the transfer to Provincial of—

(1) Rs. 3,04,000 on account of special assignments, namely, for Judicial reorganisation 2,27, for Kanungos 67, and for Government Advocate 10. We show these assignments separately in our estimate for the future for the sake of comparison, though they

The Future Provincial Contract with the Punjab

Conclusion

will be merged in the general assignment which, under the new system, will be needed to bring the Provincial account into equilibrium (*vide* paragraph 139)

- (2) R70,000 on account of the Provincial half-share of duty levied in the North-Western Provinces upon Sháhjahánpur Rum imported into the Punjab. The average for 1884-85 and 1885-86 was 73, which is taken as the future estimate
- (3) R33,000 on account of certain items, of which the classification, as between Imperial and Provincial, was altered after 1882, which we treat in the same way as case (1)
- (4) R73,000, interprovincial adjustment on account of expenditure borne by the Punjab on account of other Provinces. This will come in, in future, in adjustment of expenditure actually borne by the Province, but not included in its Provincial Contract, but as such expenditure is *ex hypothesi* outside the figures of our estimate for the future, the adjusting compensations are also equally omitted

CONCLUSION

138 The future Provincial account of the Punjab will upon these estimates stand as follows, if no alteration is made in the system of division of the revenue and expenditure —

Revenues and expenditure equal	R
Revenue	1,57,48
Expenditure	1,57,48

That is to say, the existing assignment of revenues is neither increased nor diminished, and the Punjab Government is in financial equilibrium

139 We have, however, received instructions in Financial Department letter No 2187, dated 26th July 1886, that certain alterations of distribution are intended, and these, so far as they relate to the Punjab, we work out in the final column of the annexed statements. The mere redistribution is not intended either to improve on or to diminish from the state of financial equilibrium, in which the Provincial Government is left upon the estimates already made, and as we find that the assigned revenues under the new distribution come to 1,23,44 and the assigned expenditure to 1,52,45, it is necessary to provide for a transfer of 29,01 from Imperial to Provincial in order to balance the account

140 It is to be noted, with reference to the letter just quoted, that the head of Superannuation is left in the Provincial account because we have decided to recommend to the Government of India to retain it in the Provincial Contracts

141. The general result of our proposals is to reduce the expenditure on Civil Works, which will, however, be left at a higher figure than it stood at before 1882. We consider that the Punjab Government should, for any contemplated improvements in administration, look to better development of its revenue, more especially the Land Revenue and Excise, and not to further assistance from the Imperial exchequer

POONA,
The 10th September 1886

The Future Provincial Contract with the Punjab

B—STATEMENT OF EXPENDITURE

	BUDGET ESTIMATE OF 1886-87		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads					
Refunds—Land Revenue	50	20	56	22	14
Divided Heads	54	26	60	30	38
Land Revenue—Survey and Settlement	6,06	2,46	5,20	2,12	1,30
Collectors and Establishments	17,98	17,98	17,98	17,98	17,98
Other charges	37	37	37	37	37
Stamps	1,34	67	1,34	67	1,01
Excise	1,38	69	58	29	14
Provincial Rates	1,45	1,45	1,45	1,45	1,45
Assessed Taxes	25	1	2	1	1
Forests	6,60	3,30	6,55	3,28	3,28
Registration	98	49	98	49	49
TOTAL REVENUE HEADS	37,45	27,88	35,63	27,18	26,55
Administration (except Account Office)	9,70	9,70	9,51	9,51	9,51
Law and Justice, Courts	27,59	27,89	27,47	27,47	27,47
Do, Jails	8,57	8,57	8,36	8,36	8,36
Police	33,52	31,13	33,36	30,97	30,97
Education	8,78	8,78	8,03	8,03	8,03
Medical	5,74	5,74	5,63	5,63	5,63
Scientific and Minor Departments (Provincial)	95	95	95	95	95
TOTAL CIVIL DEPARTMENTS	95,15	92,76	93,31	90,92	90,92
Superannuations (Provincial)	6,01	6,01	6,16	6,16	6,16
Stationery	4,17	4,17	4,17	4,17	4,17
Miscellaneous (Provincial)	1,56	1,56	72	72	72
TOTAL MISCELLANEOUS	11,74	11,74	11,05	11,05	11,05
Post Office	72	72	41	41	41
Total Civil Heads	1,45,06	1,33,10	1,40,40	1,29,56	1,28,93
Public Works					
Railways—Working expenses	2,40	2,40	2,40	2,40	
Interest	2,00	2,00	2,00	2,00	
Irrigation—Minor Works	16	16	19	19	19
Civil Works—					
Original Works	8,58	8,58	5,23	5,23	5,23
Repairs	12,53	12,53	11,50	11,50	11,50
Establishment	5,82	5,82	6,00	6,00	6,00
Civil Officers	40	40	40	40	40
Tools and Plant, &c	20	20	20	20	20
TOTAL CIVIL WORKS	27,53	27,53	23,33	23,33	23,33
Total Public Works	32,09	32,09	27,92	27,92	23,52
GRAND TOTAL OF EXPENDITURE	1,77,15	1,65,19	1,68,32	1,57,48	1,52,45

The Future Provincial Contract with the North-Western Provinces and Oudh

Preliminary

CHAPTER IV

THE FUTURE PROVINCIAL CONTRACT WITH THE NORTH-WESTERN PROVINCES AND OUDH

[Figures entered thus,—2,08—without designation, mean thousands of Rupees]

PRELIMINARY

The history of the working of the Contract which expires with the Working of the expiring current year is told at length in the Note which is Provincial Contract reprinted as Appendix No II to this volume. An abstract of the figures contained in that Appendix is given in the following table —

Statement of Provincial Revenue and Expenditure in the North-Western Provinces and Oudh from 1882-83 to 1886-87

		REVENUE				EXPENDITURE				
		CIVIL		PUBLIC WORKS		TOTAL	PUBLIC WORKS			
		Principal Revenue Heads	Other Departments	Ordinary	Railways and Irrigation &c, &c		CIVIL	Ordinary	Interest on Railway and Irrigation &c Capital	Capital Expenditure
		1	2	3	4	5	6	7	8	9
Average	Assign- ment	2,27,91	19,21	9,44	28,90	2,85,52	2,24,90	29,33	26,12	
1882-83		2,32,13	18,22	12,74	35,05	2,98,44	2,14,81	31,72	26,48	33,67
1883-84		2,40,87	21,27	10,51	35,56	3,08,21	2,28,09	40,82	26,67	48,40
1884-85		2,39,47	17,39	8,89	41,73	3,07,48	2,32,95	36,36	27,25	17,82
1885-86 (Revised)		2,39,91	17,34	9,65	22,56	2,89,49	2,34,67	34,63	27,00	17,19
1886-87 (Budget)		2,41,03	18,40	9,00	24,43	2,92,86	2,37,61	34,17	27,52	12,19
Total of the five years		11,93,74	92,62	50,79	1,59,33	14,96,48	11,48,13	1,77,70	1,34,92	1,29,27
Five times average Assignment		11,39,70	96,20	47,20	1,44,50	14,27,60	11,21,50	1,46,65	1,30,60	
										14,01,75

NB—For an explanation of the method by which the above figures are arrived at, see paragraph 10 of Chapter II, page 14

There has been a large increase in the revenue-producing heads, amounting to 54 lakhs, which chiefly accrued under Stamps and Excise. Land Revenue showed hardly any growth, as no Settlements fell in during the period. The net income from Railways and Canals also exceeded the assignment by 15 lakhs, though it fell off greatly in the two last years. The expenditure side shows a still greater increase, amounting to 188 lakhs, of which 129 were laid out on the construction of new Railways and Canals. The growth of expenditure on the Civil Departments was comparatively small, hardly 24 lakhs, but this was partly due to a transfer of some of that expenditure to "Local." Ordinary Public Works increased by 31 lakhs. The total expenditure of the five years exceeded the total revenue by 93 lakhs, and this deficit was met by drawing on the large Provincial balances, which in 1882 were 113 lakhs and have now been reduced to 20 lakhs.

The Future Provincial Contract with the North-Western Provinces and Oudh

Preliminary

2 In our discussions with the Lieutenant-Governor we have taken the Budget figures of 1886-87 for the most part as the basis of our calculations, making some slight alterations in

Basis of Contract

some items, either on the principle of following the average of past year's actuals, where the item is a fluctuating one, or else reducing the figure, where provision has been made for some non-recurring receipt or expenditure, which appears for special reasons in the estimates of 1886-87. These exceptions are all specified, and they are, we understand, not objected to by the Lieutenant-Governor. The result of these calculations is that, arranging the Budget so as to produce equilibrium, and not to leave an annual surplus of receipts over expenditure, the Provincial revenue can give up R12,65,000, or in round numbers 12½ lakhs to the Imperial revenue.

Gain to Imperial by new Contract

3 This result is reached on the supposition that the basis of the Contract remains unaltered, and that the Province takes the same share in the same sources of revenue and expenditure under the new as it has done under the current Contract. This however will not be the case, as the recent orders of the Government of India have altered the existing arrangements as to some of the divided heads, and two Railway lines, the Cawnpore-Achneyia and the Dildarnagar-Ghazipur, will be removed from the Provincial Contract. The figures of the future Contract worked out on this basis are shown in the last columns of the appended Statements A and B.

Alterations in future Contract

Circumstances likely to affect gain to Imperial by new Contract

4 The calculation that the Province is able to surrender 12½ lakhs of revenue is further subject to the following modifications —

- (1) Where the Revised Estimate of 1886-87 brings out a different figure from the Budget Estimate, the former will in most cases be taken.
- (2) If the reductions in expenditure, or any of them, which we have proposed, but of which we have not taken account, are accepted, a corresponding reduction will be made from the lump grant on the Receipt side.
- (3) The Lieutenant-Governor has three considerable administrative changes under his consideration or under that of the Government of India—
 - (i) The creation of a Legislative Council (a)
 - (ii) The creation of a University at Allahabad
 - (iii) The establishment of a Bench of the High Court at Lucknow, in lieu of the present Judicial Commissioner.

Each of these will entail some increase of expenditure, though probably not a large increase. The correspondence regarding them is not before us, nor is it within our functions to pronounce any opinion on their advisability, but if the Government of India consider it necessary to carry out these proposals, we presume that the requisite increase of expenditure will be provided for in the Contract in addition to the provision we have made for existing expenditure.

- (4) A special modification of the Contract, to last for three years, is necessitated, as explained in paragraphs 65 to 70, by the downfall of the Nadai Aqueduct on the Lower Ganges Canal.

(a) This proposal has been carried out since the above was written.

The Future Provincial Contract with the North-Western Provinces and Oudh

Land Revenue

LAND REVENUE

5 *Revenue*—The estimate of revenue for 1882-83 (including the portion due to migration) was 572 lakhs, besides $4\frac{1}{2}$ lakhs purely Provincial, total 576 $\frac{1}{2}$ lakhs. The figures of the four years, 1880-84, give about the same actual revenue. But since that period, the revenue has increased and the Budget for 1886-87 gives 5,74,11 divisible, and 5,66 purely Provincial. We take the figures at 5,74,00 and 5,70 respectively. With regard to the future increase of Land Revenue arising from re-settlements, we have received the following forecast—

DISTRICT	Date of expiry of Settlement	Present revenue	Estimated revenue after re settlement	Increase
Gorakhpur	1891	17,16	23,16	6,00
Basti	1891	13,23	17,18	3,95
Jaloun	1887	9,20	10,20	1,00
Bulandshahr	1889-90	12,39	16,72	4,33
Muzaffarnagar	1891	12,19	11,59	2,40
Saharanpur	1890	11,75	13,73	1,98
Total Increase				19,66

The increase will hardly be felt in the first two years of the Contract, but it will be large in the last two.

6 *Survey and Settlement Expenditure*—The Budget of 1886-87 provides R2,60,000 for Survey and R7,45,000 for Settlement. Of the latter sum, R3,50,000 is the charge for the two Cadastral surveys in Gorakhpur and Basti, including what is locally known as the “Khauapur” or the cost of the preparation of the Settlement Record, which is done by special establishments working with the Survey Parties. This work will probably be completed in 1889, and it is believed that it will not be necessary to re-survey the districts to be re-settled afterwards, viz., Bulandshahr, Muzaffarnagar, Saharanpur and Jhansi, but that the re-settlement can be carried out on a cheaper system through the improved Patwaris’ records. This will entail a considerable decrease in the cost after 1889. On the other hand, there will be some fresh expenditure on Settlement in those districts, as special officers will have to be appointed to examine the Patwaris’ records and to prepare the revised assessments based thereon. We have not therefore thought it necessary to estimate the relief, which the Province will receive from reduced expenditure under this head, but it is right to point out that there will be both an increase in revenue and a diminution of expenditure in the later years of the Contract.

7 The actual expenditure on Settlement and Survey was 7,27 in 1883-84 and 9,00 in 1884-85. The Revised Estimate of 1885-86 was 9,10, and the Budget Estimate for 1886-87 is 10,05. Considering how remunerative this work is, through the increase of Land Revenue it brings about, we do not think it should be curtailed unless the Government of India is absolutely unable to provide the money requisite to carry it on, three quarters of which will in future be an Imperial charge, but the employment of an improved agency of Patwaris should lead to a reduction of the cost of settlement. Whatever

The Future Provincial Contract with the North Western Provinces and Oudh

Land Revenue

sum is granted when the settlement programme is finally prepared, it should perhaps be understood that the Provincial Government is bound to arrange for the expenditure of that amount, and is not authorised to divert to other channels the allotment made for this object

8 *Collectors' and Deputy Commissioners' Establishments* — There has been an increase in the expenditure on Deputy Collectors, Extra Assistants, and Tahsildars. The fixed establishment of Deputy Collectors and Extra Assistants was 1,07 in 1882-83, costing 4,47 6, in 1881-85 it was 1,08, costing 5,21 4. One Deputy Collector at R500 has been added for the Bhabai estate, but the chief cause of the increase is the enhanced scale of salaries laid down by the Government of India. Besides this, the Lieutenant-Governor has power to increase the number of men in the lowest grade on R250, and on the 1st of July 1885 there were, in addition to the fixed establishment, eighteen men employed on Settlement work, three on land acquisition, three in estates under the Court of Wards, three on special duty as Personal Assistants to the Director of Agriculture and to the Commissioner of Benares, and on inspection of village records in Oudh, and twenty-three to fill up temporary vacancies caused by leave and furlough. The Estimates of 1886-87 appear however to be unduly high, the full pay of the establishment having been budgeted for without allowance for lapses, and there will probably be a reduction in the Revised Estimate.

9 Under the head of Government Estates the cost of management in the Terai, Bhabai, and Dudhi Estates appears to have increased, but we understand that this is principally due to a re-arrangement of the accounts, which formerly were irregularly kept in a personal ledger, so that the unspent balances of the year were retained and carried on. Under recent orders of the Local Government the income and the fixed expenditure of these estates are budgeted for, and instead of the whole surplus being made over to the local officers to be spent on improvements, there is a special improvement budget on which an allotment is made, the balance of the surplus going to benefit Provincial revenues. The greater part of the 2,10, contingencies, included under "Charges on account of Government Estates," represents a transfer of money to an improvement fund connected with these estates, part of which returns to Government as unspent surplus, under "Contributions from Local Fund." There has been some confusion in making up the estimates of these transactions, and we have requested the local authorities to re-examine the figures.

10 No sum was estimated for under the head of Charges for Encumbered Estates, Jhānsi, in the original Budget, but a supplementary estimate for R20,000 was sent up. This expenditure however will not recur, as the operations undertaken for buying up encumbered estates have been completed and the Special Judge's appointment has come to an end. The expenditure therefore need not be provided for in the future Contract.

11. Travelling allowances increased from 56 to 69 between 1880-81 and 1884-85. This is accounted for partly by the fact that under the new Code Collectors of the first grade, who formerly received no travelling allowance, draw R5 a day while in camp, and partly by the increased rate of travelling allowance (from R3 to R4 a day) allowed to Deputy Collectors on R500 and upwards.

The Future Provincial Contract with the North-Western Provinces and Oudh

Stamps

12 The charges on account of Village officers have been—in 1883-84, 34,61, in 1884-85, 31,68, in 1885-86, (Revised) 34,35, and in 1886-87, (Budget) 31,95. We take the average figure, R34,68, for the future Contract.

Future aggregate Estimate
under Land Revenue

13 We estimate the expenditure under this entire head for the future Contract as follows —

Survey and Settlement	10,00 fixed grant
Collectors' establishments	35,00 subject to alteration by Revised Estimate
Management of Government estates	2,55
Village officers	34,68 (average of past years)
Other charges	1,16 subject to Revised Estimate, except the item of Enumerated Estates, which is to be omitted

TOTAL LAND REVENUE EXPENDITURE

83,39

STAMPS

14 We have taken the Budget figures of 1886-87 as the basis of the Provincial Contract. The revenue has increased from 57,00 in 1881-82 to 62,50 in 1886-87, and the expenditure from 1,00 to 1,32. Of the increase of expenditure a part is due to the larger quantity of stamps sold and part to a revision of the district establishments which took place in December 1881. Stamp Moharrirs (vernacular clerks) had not been previously employed in Oudh, the work being done by the Deputy Commissioner's general establishment or by men employed by the Treasurer at his own expense. Under the revision the nine most important districts received two Moharrirs each at R25 and R15, eleven districts of the second class, two Moharrirs each at R20 and R10, and eighteen districts, one Moharrir each at R15. The Commissioner of Stamps told us that he did not think there could be work for two men at any district head office, especially if a proposal is accepted, which we propose to make, for simplifying the periodical returns of stamp transactions. The Lieutenant-Governor informed us that he must enquire further before he agreed to a reduction, but subject to this approval we recommend that the second Moharrir in twenty districts be abolished, effecting a saving of about R3,000. Excluding this reduction, we fix the expenditure figure for the future Contract at 1,32.

15 The system of the sale of stamps is that both kinds are sold by District Establishments Treasurers and Tahsildars, both retail and to licensed or salaried vendors, with no discount. Court-fees stamps are also sold by salaried vendors, who each receive R10 a month and get no discount. There are only about ten of these. Non-judicial stamps are sold by licensed vendors who receive discount at rates varying according to the value of the stamps. Trustworthy men, such as Postmasters, Patwaris, &c., may get the stamps on credit and receive usually 2 per cent discount, when they pay cash, they get 5 per cent at places where there is no *ex-officio* vendor, and 3 per cent where there is one. No discount is given on stamps above R50 in value. We have no recommendations to make for the improvement of this system.

16 We have carefully considered whether we can propose a reduction of the appointment, or in the pay, of the Commissioner of Excise and Stamps (who is also Inspector-General of Registration), and have decided not to do so. The revenue involved is very large and has increased rapidly, and the business is

The appointment of Commissioner of Excise and Stamps

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Excise

one which requires special knowledge as well as careful and constant inspection. We do not think it would be desirable to place it directly under the Board of Revenue, the Junior Member of which could not give to it the time and attention which it needs, and the necessity of a homogeneous system of operations makes it impossible to leave it entirely under the Collectors of districts. The relations between the Commissioner of Excise and Stamps and the Collectors of districts are such that he should be of at least equal standing with them, and therefore his salary must be approximately equal to theirs.

EXCISE

17 *Revenue*—The total revenue under this head has increased during the term of the Contract from 40,40 to 54,00, and the expenditure has fallen from 1,64 to 1,21. We have accepted the Budget figures of 1886-87 on both sides as the basis of the future Contract.

18 With regard to the revenue, we have two suggestions to make. Opium is sold from the Treasuries at Rs15 per seer, both to the treasurers and to licensed vendors who buy then licenses at auction. In 1884-85, 338½ maunds or about one-quarter of the whole amount was sold by treasurers, and for it the Government received only Rs15 per seer, while 924½ maunds or three-quarters of the whole amount were sold by licensed vendors who not only paid Rs15, per seer, but also paid about Rs1,20,000 annually, or Rs34 per seer, for their licenses. We see no reason why Government should lose this sum in the case of the quarter sold through treasurers, and we suggest either that the sale through treasurers be stopped or else that the rate of sale to them be raised to about Rs18.

19 A custom exists of showing the purchase rate of opium at Rs16 a seer and allowing a rupee as discount. We see no advantage in this, and recommend that the sale-price be shown in the accounts as Rs15, which is the actual figure. We are informed that there is a rule that it should be sold to medical officers at Rs16, but, practically speaking, none is sold in this way.

20 The still-head duty on spirits is Rs1 per gallon of whatever strength. It was Rs1-8 in the North-Western Provinces and 12 annas in Oudh, and was fixed at Rs1 for the sake of uniformity. The Commissioner (Mr Wall) thinks it might be gradually raised, by small increments, to Rs1-8, and we think this suggestion should be considered by the Lieutenant Governor.

21 *Expenditure*—The reduction of expenditure is due to a diminution in the number of distilleries, of which there are now 75, and to the abolition of the departmental guards formerly employed. The establishment at a distillery is one Inspector at Rs25 and one Head Constable and three constables, but these latter are charged to Police, not to Excise, as the bairkandazes were whom they have replaced.

22 There has also been a redistribution of the pay of the Commissioner and his establishment, which is now divided in a somewhat complicated way between Stamps, Excise, and Registration.

23 There are small Excise establishments in four Cantonments—Chakrata, Ránikhet, Jhánsi, and Allahabad. These are coming under reduction, and the effect will be a saving of about Rs1,200.

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Assessed Taxes Forests Registration

ASSESSED TAXES

21 There will be special charges on the Expenditure side during this year on account of the original assessment of the Income Tax, and Rs50,000 have been provided for in the Budget and in a Supplementary Estimate. The expenditure in future will not however greatly exceed that which was incurred in collecting the License Tax (Rs6,091 in 1884-85, Rs7,000 in the Revised Estimate, 1885-86), and it will probably be a sufficient provision if Rs10,000 are allowed for the collection of the Income Tax.

FORESTS

25 The increase in revenue has been from 9,94 to 15,50, the Revised Estimate of 1885-86 being 16,00. We have accepted the Budget figure of 1886-87, though it is a little below that of the preceding year. The expenditure has risen from 9,14 to 9,25, but this figure is below the actual amount for 1883-84 and 1884-85, and below the Revised Estimate of 1885-86. We have therefore thought it better to raise the current figure provisionally to 9,75 subject to the results shown by the Revised Estimate of 1886-87.

26 In examining this head of account we have been at some disadvantage by reason of the facts that the Conservators of two Circles have lately taken furlough, and that the only Conservator present at Naini Tal has been officiating for a very short time only. But from our conference with him, and our examination of the Forest Budget, no suggestion for reduction of expenditure has arisen.

REGISTRATION

27 Both the income and expenditure under this head stand exactly where they did at the last Contract. We have accepted the figures of the Budget of 1886-87. We understand that registration is much more popular in Oudh, where it is carried on by non-official Sub-Registrars, than in the North-Western Provinces, where they are all officials. The Lieutenant-Governor has recently sanctioned a new system for the appointment of non-official Sub-Registrars in the North-Western Provinces, which has not yet been brought into force. At present the Registrars are the District Judges, who have an establishment of one, two, or three Moharuns, according to the quantity of work to be done. They inspect Sub-Registrars' offices, whenever they visit or pass them on their Sessions journeys, but the ordinary method of inspection is to call the Sub-Registrar up with his books and to examine them at headquarters. In the North-Western Provinces the Tahsildar is ordinarily the Sub-Registrar, receiving a salary of Rs25 or Rs50 according to the amount of the work, in a few Tahsils where the amount is very small, the salary is only Rs15 or Rs10. Each Sub-Registrar has from one to three Moharuns. In ten Cantonments and four other out-of-the-way places there are non-official Sub-Registrars receiving half fees and providing their own establishments. The scheme sanctioned by the Lieutenant Governor is that special Sub-Registrars should be appointed to all the larger Tahsils (113 in number), receiving 15 per cent. of the fees, and a fixed salary of Rs30,

Number of Tahsildars	Registration Allowance
38	Rs 50
78	25
1	20
9	15
30	10

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General Administration

but where the fees do not exceed R400 annually, or where the Tahsildar and his Mohallin together draw less than R30 (*i.e.*, in 43 cases), there is to be no change. The increase of cost is estimated at R24,500, but it is intended to introduce the system in such a way as to interfere as little as possible with the remuneration received by Tahsildars, till they are compensated for it by promotion. It is estimated, however, that the increase in receipts through the greater popularity of this system will cover the increased expenditure, and we have not therefore taken any account of this change in our Contract figures.

GENERAL ADMINISTRATION

28 There has been an increase under the present Contract from 12,19 to 12,74. We adopt the Budget figures of 1886-87, subject to the two reductions below. They are lower than those of either 1883-84 or 1884-85.

Increase since 1882

29 There has been an increase of R10,000 in "Office Expenses and Miscellaneous" under the Civil Secretariat since 1881-82 part of which is explained to be due to special non-recurring causes, such as the purchase of new furniture and the carriage of extra records. We think that R5,000 can be reduced from this sub-head.

Proposed reduction under Civil Secretariat

30 The tour expenses, as at present shown in the accounts, include the expenditure of His Honour the Lieutenant-Governor both on his ordinary tours and on his journey to and from Naini Tal, and also those of the Civil Secretariat, but not of the Public Works Secretariat, the Branch Press, or the heads of Departments. We think the expenditure of the Lieutenant-Governor should be shown separately from that of the Civil Secretariat, as in the Punjab for example, and the cost of the hill journey separately from that of ordinary tours. With regard to the Naini Tal Allowance Code, we have received a letter from the Government of the North-Western Provinces assenting to a considerable reduction in the cost entailed (a reduction roughly estimated at R15,000 out of about R78,000), but intimating that the Lieutenant-Governor is not willing to adopt the plan of leaving the head-quarters office at Allahabad, and that he is not yet prepared to state definitely what rates of travelling allowance and other allowances he would agree to. On this subject we shall submit (a) a separate Note to the Government of India when we have received an intimation of their views as to the proposals we have made for reducing the Simla allowance rates.

Tour charges

31 There is an item of R15,000 provided under the head of Section-writing in the Budget of the Board of Revenue, which is really expended on copying village, tahsil, and district maps for reproduction and sale. From the reply made to our question we gather that this work is being done slowly and expensively: sixteen men turn out thirty-two copies of the tahsil maps a year, or two apiece, and two men turn out one copy of a district map yearly. We suggest that it might be advantageous to place this work under the Survey Department, where it would probably be done more expeditiously and more cheaply. If the R15,000 is allowed to stand as a part of the Provincial expenditure provided for

Charge for map making under Revenue Board

(a) The absence of the detailed information promised by the Government of the North Western Provinces prevented us from carrying out this intention. The matter will be disposed of by the Finance Commissioner with the Government of India.

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Law and Justice

in the Contract, it might be on the understanding that the work is more rapidly got through, so that the charges may come to an end within a limited period

LAW AND JUSTICE

32 The receipts have fallen from 9,47 to 9,00, and the expenditure has risen from 51,99 to 53,50 during the present Contract

Jail Expenditure		11,99 to 53,50
1883 84	10 93	We have accepted the Budget figure on the Receipt
1884 85	10,70	side On the Expenditure side it is made up of two
1885 86 (Revised)	9,66	parts, Law and Justice proper, 42,35, and Jails, 11,15
Total	31,29	The estimate for Jails is higher than during any of the
Average	10,43	three last years, and we think the average of three

years, or say, 10,50, may safely be taken One of the causes of increased expenditure under Law and Justice is the creation of the post of Legal Remembrancer This officer is employed on both Civil and Criminal work, and about half the Civil cases are connected with the Court of Wards, the provision therefore under which these estates pay one-third of his salary and establishment seems a fair one

33 We should have made some suggestions regarding the Oudh Judicial Commissioner's establishment, but for the fact that the Lieutenant-Governor proposes to amalgamate his Court with the High Court, and it may be assumed therefore that the strength of the new establishment will be carefully scrutinised

34 There are four Small Cause Courts with Judges, two on Rs800, one on Rs1,000 (Lucknow) and one on Rs1,200 (Allahabad) It seems to us questionable whether it would not be more economical that this work should be done by members of the ordinary judicial staff, and whether there is any necessity for these special Courts Moreover, supposing them to be required, we doubt if it is necessary to give to officers, who do not appear to be doing specially difficult or responsible work, a salary higher than the highest grade Subordinate Judges receive, or Rs800 These posts were originally filled by Civil Servants, and the salaries were probably fixed with a view to the ordinary emoluments of Civil officers of a standing suitable for exercising these functions, but, now that they are given to Natives of India, we think there is reason to propose that they should be reduced, or that the two-thirds rule should be applied We have mentioned this suggestion in conference with His Honour the Lieutenant-Governor, who expressed his unwillingness to reduce the salaries, as these posts are the principal prizes he is able to give to his Subordinate Judicial Service We leave it to the Government of India to say whether the suggestion should be pressed

35 There are twelve Cantonment Magistrates in the North-Western Provinces and Oudh, and it seems to us very possible that an economy may be effected by abolishing the appointments in such Cantonments as are close to a head-quarter station, where a Covenanted Assistant or Joint Magistrate is generally stationed, who could try cases in which Europeans are concerned In such circumstances an additional Deputy Magistrate should be able to do the ordinary judicial work of the post, a special allowance being given to the Station Staff Officer or to a selected subaltern officer for the performance of executive functions in subordination to the Commanding Officer, the whole cost being still less than the pay of a

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Police

Cantonment Magistrate We have not however yet received the statistics as to the work done by these officers, which we have asked for, and we are promised a formal reply by the Lieutenant-Governor giving his opinion on the suggestion. When this is received we shall submit a supplementary Note (a) to the Government of India.

36 There has been a considerable increase under the head of Diet to Witnesses in the Courts of Judges and Magistrates from R52,453 in 1884-85 to R78,150 in 1886-87. This is due to provision being made for a more careful assistance by the High Court on the carrying out of the rules on this head. But we conceive that the expenditure will probably fall short of this high estimate. The figure of the Revised Estimate should be taken.

37 Our enquiries show that the Jail Department is managed very economically in the North-Western Provinces, and we have no material change to suggest. We find however that the commission paid to the jailors is calculated not on the actual but on the estimated profits gained by manufacture,—that is, it is partly based on the estimated value of goods in store at the end of the year. A jailor, therefore, who over estimates the value of his goods and places them at a higher figure than they may realise by sale, will gain a larger commission than he should do. We think the commission should be calculated on actual cash transactions. The interest of the jail officers should not cease before the actual realisation of the price of the manufactured articles.

POLICE

38 Receipts under the head of Police have fallen from 3,90 to 3,66 and expenditure has increased from 36,46 to 38,61. We have accepted the Budget of 1886-87 as the basis of the future Contract. The increase has been mainly due to taking over the Municipal Police and to an increase of the pay of the lowest grade constables from R5 to R6, a special grade at R8 being at the same time constituted.

39 We have carefully scrutinised the expenditure in this Department, and we see little to take exception to. There are two Deputy Inspectors-General under the Inspector-General, and we are satisfied that their retention is justified by the importance of the inspection work and of the work in connection with special crimes, which they carry out. The proportion of officers to men in the Police seems high, but we are not prepared to recommend its reduction against the advice of the Inspector-General. The number of District Superintendents is only one for each district, and the number of Assistants is not more than enough to provide for vacancies by leave and furlough. The Municipalities have been relieved of Police charges amounting to R1,57,000, and have also reduced their contributions towards pensions, &c, by about R50,000, in return for which they have taken over Medical and Educational charges amounting to R1,30,000. It may be possible more completely to equalise the two sides of the account, though we are aware that in some cases the whole cost of such Municipal Institutions may not be equal to the cost of the Police, which the Municipality formerly bore. The cost of arms and accoutrements has risen by about R12,000 on account of the purchase of Enfield rifles and revolvers. This is not a permanent expenditure, but if the

(a) This intention was not carried out before the dissolution of the Committee

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Education

Government is resolved to furnish all its armed Police (who are understood to be about 7,000 in number and to be chiefly employed on the frontiers of foreign States, such as Gwalior and Nepal, where dacoities are frequent and dacoits in some cases have better aims than the Police) with improved weapons, a sum at least equal to this will have to be spent for the next five years. A small reduction may be made in the cost of Police hospitals, either by giving up to the Police a ward in the Civil Dispensary, or if there is not sufficient accommodation there, by building an additional ward on to the Dispensary, and so getting rid of the double staff of Native Doctors, compounders, &c. This might effect a saving of about Rs10,000, but we have not yet received all the information we require on this head from the Inspector-General of Police.

EDUCATION

40 The receipts under Education have risen from 1,11 to 1,30 during the currency of the Contract, and the expenditure has fallen from 8,22 to 4,26, but this is due to the transfer of a large number of schools with their corresponding charges to the Local bodies. We accept the receipt figure of the Budget, but have lowered the expenditure estimate to Rs3,80 as the basis of the future Contract. The reason for this is that it seems clear that the actual expenditure will not equal the estimate. On the Receipt side there has been a great increase in the rates of fees levied, which will, unless the number of pupils falls off largely, increase the income. On the Expenditure side we find that an increase has been budgeted for under several heads without any sufficient reason. The Book Depot has been closed since the Government orders on the Budget were framed, effecting a saving of Rs13,800, and there will also be a reduction in the receipts. The Revised Estimate will give approximately the true figures.

41 We learn that, whereas the Agra College cost Rs47,291 in 1882, of which the Provincial Government paid Rs20,799, it now costs Rs46,588, of which the Provincial Government pays Rs10,800 as a grant-in-aid. We suggest that this precedent be applied to the case of the Benares College, which seems to be situated in a place peculiarly suitable for local support and management. The figures supplied us are not complete, but we learn that the superior staff of the Arts College costs Rs27,000, of the Sanskrit Department Rs9,876, and of the Anglo-Sanskrit Rs1,800. The Lieutenant-Governor was not prepared to give an answer to this suggestion at the time of our conference, but promised to take it into consideration. We would suggest that the Government of India should support the proposal.

42 There are eight Inspectors of Schools, four of whom are graded officers of long standing, one drawing Rs1,500 and three Rs1,250 per mensem. They will not be entitled to retire on full pension till 1891 or later. Meanwhile they are extremely expensive, and there is no doubt that the work can be done as well by Native Inspectors on much lower salaries. Supposing even two Natives to be appointed on Rs300 or Rs400 in the place of each of these senior Inspectors, there would be a saving which would cover the cost of their pensions and we think it would be a gain, both economical and administrative, if the Government of India were to offer them their pensions at once, although they have not served their full time. We cannot say

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Medical

how many of them would accept such an offer, but we have reason to believe that some of them would, and we think the suggestion might be tried.

MEDICAL.

43 Under Medical, as in the case of Education, there have been considerable transfers to the Local bodies. The Budget of 1886-87 shows receipts 6 and expenditure 7,14, and we accept these figures as the basis of the future Contract. We have a few suggestions to make for reduction of expenditure under this head.

44 In fourteen districts it is permissible to employ either covenanted or uncovenanted Civil Surgeons, provided that at least four of them are covenanted. We find that at present there are only four covenanted officers in these posts, and that the rest are uncovenanted. no further economy is therefore possible under the existing orders.

45 There are four Assistants to the Civil Surgeons at Mussoorie, Naini Tal, Lucknow, and Allahabad. We question the propriety of these appointments. We were told that at the two former places the necessity for them arises from the fact that the Civil Surgeon is bound to attend the families of all military officers who come to those stations, but as there are Military Medical officers attached to the Depôts at Landour and Naini Tal, we think that this duty might be imposed upon them, and that the Civil Surgeon, being thus left free to carry out his own special duties, would be able to dispense with the services of an Assistant. We recommend that this proposal be discussed between the Financial and Military Departments of the Government of India. As to the other two stations, it is urged that there is a great deal of miscellaneous work to be done, institutions to be attended and a large body of clerks and Eurasians in the service of Government who have to be looked after. It is however well known that both these appointments are very lucrative by reason of the private practice which accompanies them, and if a Civil Surgeon has leisure for a large private practice, he cannot plead that he has no leisure for his official duties. We think therefore it is reasonable to say that in such cases the Civil Surgeon should pay for the Assistant out of his own pocket. The abolition of these four appointments would cause a saving of Rs. 6,400.

46 The Civil Surgeons at Allahabad and Benares receive an allowance of Rs. 100 each for attending the local Colleges. If their attendance is on the English officers only, the allowance is certainly not justifiable, if it is on the boys also, it seems a question why College boys should be provided with medical aid at the cost of the general taxpayer to any greater extent than the ordinary public. We have asked for further information as to the facts in this case.

47 We are inclined to think that Government officers should pay for their medicines, but on this point we shall make a separate proposal (a).

48 His Honour the Lieutenant-Governor is of opinion that there is no necessity for the retention of the Sanitary Commissioner and Superintendent of Vaccination, and that the work might effectually be done by the Inspector-General of Civil Hospitals, whose time is not fully taken up by the duties of his own

(a) This subject was not again taken up before the Committee dissolved.

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Scientific and Minor Departments

office In this opinion we entirely agree and recommend the abolition of the post, which has just become vacant by the retirement of Dr Planck

49 We have felt some doubt whether it is necessary to employ three Deputy Superintendents of Vaccination as Senior Surgeons as Deputy Superintendents of Vaccination, with the result that half of the expenditure on this head is absorbed by the salaries of the superior officers alone In some other Provinces it is found sufficient to place Vaccination under the care of the Local Boards and Civil Surgeons, with one or more Native Superintendents of Vaccination for each district and one supervising officer for the Province, if this were done in the North-Western Provinces, it would cause a large reduction in expenditure But Sir A Lyall has objected that, if the Superintendent of Vaccination is abolished, it would be unadvisable at the same time to remove one or more of the Deputy Superintendents, and that such a reduction should be gradual and its effects be carefully watched We may possibly return (a) to this subject, after we have visited other Provinces and discussed similar proposals with their Governments

SCIENTIFIC AND MINOR DEPARTMENTS

50 *Receipts*—The receipts according to the Budget are 1,03, but this is more by 7 than the average of the last three years, and we therefore take 96 as the figure of the Contract

51 *Expenditure*—The cost of the Agricultural Department has increased from R77,000 to R86,000 in the last two years The Director's salary is R1,800 and he has two Assistants, one of whom is a senior officer of the Oudh Commission on R1,500, and the other a Native on R400 The pay of R1,800 is high as compared with that allowed in other Provinces, but assuming that an officer of considerable standing must be employed as Director, we think that the salary of R1,500 for an Assistant is excessively high and should be reduced The officer referred to was appointed for five years on a salary of R1,000 rising to R1,500, and is now in his fifth year of office We recommend that when this year is over, an Assistant on much lower salary be appointed in his place

52 The cost of the Botanical Garden at Saháranpur is fixed at R32,500 in the Budget of 1886-87, and includes the pay of the Superintendent, Mr Duthie, who is chiefly engaged in the work of botanical research outside the limits of the Garden and of the Province The Government of India (Revenue and Agricultural Department, 12th February 1886) suggested that his appointment should be treated as an Imperial one, and that half the Budget figure should be allotted to the Garden The Government of the North-Western Provinces (23rd June 1886) agreed to this proposal, and estimated the expenditure properly attaching to Mr Duthie and his botanical tours as shown below —

	R
Superintendent's pay	8,400
Establishment	3,186
Travelling allowance	2,640
Contingencies	800
	<hr/>
	15,026
	<hr/>

We propose therefore that the Provincial expenditure under this head should be diminished by R15,000

(a) This subject was not again taken up before the Committee dissolved

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Superannuation Allowances and Pensions

Stationery and Printing

53 The other items under this head which require notice, are shown in the

OTHER ITEMS

	Receipts	Charges
Lucknow Museum		17
Cawnpore Farm	3 5	15 1
Ghazipore Farm	} 6 5	3 3
Meerut Farm		2 5
Kumaon Orchards		1 5
Reh Experiments		20
Well Experiments	5	12
North Indian Manufactures	5	5
Tea Shops	5	5
Endowed Gardens, Agra and Allahabad		6 1
Cawnpore Memorial Garden		5
Nazul and Horticultural Gardens	10	56 5
Armoury Garden		3 5
Miscellaneous	5 5	3 9

margin We have enquired into the objects with which these Institutions were started and the work which they perform, and we cannot recommend the abolition of any of them They are not very costly, and they all seem to perform, or to be likely to perform, some useful purpose We understand, however, that the item "Nazul and Horticultural Gardens" includes the establishment employed in keeping up the

gardens and grounds of the Government Houses at Allahabad and Lucknow, and we recommend that these charges be shown distinctly in future against the Lieutenant-Governor's expenditure under the head General Administration

SUPERANNUATION ALLOWANCES AND PENSIONS

51 The Lieutenant-Governor has expressed a desire that this head should

The head to remain Provincial remain Provincial on the ground that the Local Government can ensure large economies by restricting the application of the 55-year rule to cases where it is absolutely necessary to retire an officer on the ground of physical infirmity, whereas, if the Government has no pecuniary interest in the matter and the rule is allowed to take effect in all cases, the pension list will be largely and unnecessarily increased We think this reasoning is convincing, and we therefore recommend the retention of this head in the Contract, fixing the estimates at 13,48 (expenditure) and 16 (revenue), at which they stand in the Budget of 1886-87

STATIONERY AND PRINTING

55 On the receipt side the Budget of 1886-87 gives 69, but the Actual and the Revised Estimate figures of the two preceding

The cost and management of the Government Press at Allahabad years are 44 We think it safer to take the average of the three years, 51 On the expenditure side we accept the figures of the Budget of 1886-87, 5,65 We think, however, that the cost of the Government Press, Allahabad (2,54), and of printing at private presses (39 8), might be somewhat reduced The Press is supervised by two highly paid officers, a Superintendent at R1,000 (with R100 house-rent), and an Assistant Superintendent for whom provision is made in the Budget of 1886-87 at R900 The Superintendent is a Lieutenant-Colonel in the Army, who would receive nearly the same pay if unemployed, and we do not therefore advocate his reduction But when he retires (which will be shortly) opportunity should be taken to substitute a cheaper and more technically experienced officer

56 We have ascertained that the hands employed in the Press are paid by

Rates for valuation of work high fixed salaries, whereas it is the experience of all other offices that the piece-work system of payment is more economical A scale of rates is in force for estimating the value of work done, which does not appear to us to have been carefully fixed, and which disagrees with, and in some cases largely exceeds, the scale of rates laid down in the Calcutta Central Press this scale is used for valuing and paying for

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Miscellaneous Contributions from Provincial to Local

work done by private Presses (so far as not tendered for), the class of work chiefly done by which (forms and tabular matter) is precisely the class for which the Allahabad scale lays down the excessive rates. A revision of this scale would therefore produce a considerable saving in these payments.

57 The Superintendent informs us that for certain reasons piece-work would not be more economical in the Allahabad Press, but as he does not systematically measure the outturn of work performed on the fixed salary system, the matter is at least open to doubt. In any case we think that the Press ought to be subjected to audit in the same way as the Presses in Calcutta, so that the Government might be in a position to compare its actual expenditure with the value, calculated at suitable rates, of the outturn of work. The annual report of the Press shows a profit on the working, which is, however, obtained by valuing the press work at rates which are open to great question, and the stationery at rates which appear to be higher than Government is charged for it.

MISCELLANEOUS.

58 We accept the Budget figure for the receipts under Miscellaneous, 2,66. On the expenditure side the figures are —

	1881-82	1882-83	1883-84	1884-85	1885-86, Revised	1886-87, Budget.
Books and publications	14	16	30	31	25	25
Charitable donations	56	56	59	52	54	55
Destruction of wild animals	9	11	14	16	18	23
Petty establishments	19	35	54	50	40	54
Special commissions	7	9	13	1	2	5
Refunds	56	14	4	3	20	20
Other items	39	17	30	18	12	14
TOTAL	1,91	1,68	2,04	1,71	1,71	1,96

The average of the last three years, 1,82, may be taken

CONTRIBUTIONS FROM PROVINCIAL TO LOCAL

59 These items are very important in the North-Western Provinces. They practically represent expenditure from Provincial Funds on objects which are now placed under Local Boards, which are supplied from Provincial with the means of carrying them out.

60 The following is an analysis of the figures relating to them showing the net charges, after deducting receipts —

Heads of Account	Contract.	1882-83	1883-84	1884-85	1885-86, Revised	1886-87, Budget
PROVINCIAL—						
Education	7,08	3,49	3,20	3,05	3,15	2,96
Medical	8,26	5,99	6,14	6,51	6,76	7,08
Civil Works	19,61	18,87	21,44	21,24	19,04	19,58
TOTAL	34,95	28,35	30,78	30,83	28,95	29,62
LOCAL—						
Education	7,92	11,99	12,20	12,05	12,66	13,57
Medical	1,14	2,31	3,27	3,30	3,08	3,52
Civil Works	18,76	19,63	28,50	26,31	25,91	26,47
TOTAL	27,82	33,93	43,97	42,56	41,65	43,56
TOTAL—						
Education	15,00	15,48	15,40	16,00	15,81	16,53
Medical	9,40	8,30	9,41	9,84	9,84	10,60
Civil Works	38,37	38,50	40,94	47,55	44,95	46,05
TOTAL	62,77	62,28	74,75	73,39	70,60	73,15
Transfers from Provincial to Local	7,12	12,50	21,99	19,31	18,92	18,66

The Future Provincial Contract with the North-Western Provinces and Oudh

Public Works

61 The Provincial expenditure fell in 1882-83 by $6\frac{1}{2}$ lakhs, while the Local expenditure rose by 6 lakhs there was therefore a transfer of six lakhs from Provincial to Local, in addition to the previous contribution of 7,12 provided for in the Contract. But since 1882-83 the Local expenditure has increased by $9\frac{1}{2}$ lakhs, of which a part, or about four lakhs, has been provided by the Local Boards from the growth of their own resources, and the rest, or about $5\frac{1}{2}$ lakhs, has been an additional contribution from Provincial to Local. This part must be treated in the same way as if it had still been Provincial expenditure. The increase has been almost entirely under the head of Civil works, the expenditure on which since 1878-79 has stood as follows—

	1878-79	1879-80	1880-81	1881-82	1882-83	1883-84	1884-85	1885-86 Revised	1886-87, Budget
Provincial	21,01	25,60	27,80	27,37	31,61	31,95	30,18	29,83	28,63
Local	23,85	8,02	16,68	21,30	20,18	29,15	26,82	26,70	27,20
TOTAL	44,89	33,62	44,48	48,67	51,79	61,10	57,00	55,53	55,83

This increase can be allowed for in the assignment of Provincial Revenues only to the extent, which would be admissible if the expenditure were met by Provincial directly, instead of the funds being handed over to Local Boards to spend.

62 We therefore allow only 6,00 (*viz.* 4,00 Education and 2,00 Medical) as the necessary addition to be made to the grants to Local Funds, over and above the 7,12 granted in the Contract of 1882.

PUBLIC WORKS

RAILWAYS

63 All the Railways except the Bareilly-Pilibhit will pass out of the Provincial Contract, and our estimate is made in respect of them only *pro forma*. It is necessary, however, to insert them in our statements in order to show the difference between the existing and the proposed Contracts, arising from a new estimate of the revenue and expenditure, before introducing another difference arising out of the alterations in their distribution.

61 The payment of Rs40,000, to the Kumaon-Rohilkhand Railway is provided for under Railway subsidy.

IRRIGATION AND NAVIGATION

65 *Productive Works*—The Upper and Lower Ganges canals have suffered for a year or two in the past, and will suffer for a year or two in the future, from a heavy loss of irrigation revenue caused by the failure of the Nadrai aqueduct over the Kalnadi. Our figures of the future Contract neglect this loss. It seems inadvisable to complete the contract with conditions arising out of this matter, as it is obvious that whatever loss of revenue and whatever expenditure upon the new aqueduct have to be borne by Provincial will have to be granted to Provincial at the cost of Imperial. Our proposal, therefore, is that—

- (1) the new Contract be framed without reference to this loss of revenue and heavy expenditure,

The Future Provincial Contract with the North-Western Provinces and Oudh

Public Works

- (2) the loss of revenue, until the new aqueduct is in working order, be made up to Provincial by a transfer passing in the usual way through the Land Revenue head,
- (3) the cost of the new aqueduct be borne in the Imperial column entirely, whether charged to revenue or to capital, but that in the latter case no interest be charged to Provincial during the Contract

Past Revenue and Expenditure

66 The Revenue and Expenditure of these canals are as follows —

	1881 82	1882 83	1883 84	1884 85	1885 86, Revised	1886 87, Budget
Revenue—Ganges Canal	19,30	23,41	24,27	29,17	19,12	20,28
„ Lower Ganges Canal	14,14	15,78	15,14	16,94	13,58	11,80
TOTAL	33,44	39,19	39,41	46,11	32,70	32,08
Expenditure of both—Usual Expenditure	13,09	14,61	15,10	16,64	16,42	16,06
Charge for Aqueduct				84	54	1,72

It seems reasonable to put down 40 lakhs as the estimate of revenue when the aqueduct is restored, and $16\frac{1}{4}$ lakhs as the estimate of expenditure. The revenue would certainly have progressed to over forty lakhs had it not been for the break-down

67 In an estimate furnished by the Local Government the following is shown as the revenue of the two canals —1887-88, 34,00, 1888-89, 35,30, 1889-90, 39,50, 1890-91, 41,00, 1891-92, 43,60. The working expenditure, by the same estimate, is, for the same five years, 17,90, 17,90, 17,40, 17,40, 17,40, of which 1,70 is in the first years a charge for the aqueduct, and in the last years a charge for additional interest

68 These figures closely correspond with our estimate, as showing that the present standard of revenue, apart from the temporary loss, is 40,00, and that the progress from that point will be resumed by the time the aqueduct is complete

69 The interest charge in the Budget of 1886-87 stands at 20,59 Provincial and 86 Imperial, total 21,45. It is assumed that (barring the outlay on the Nadai aqueduct) further capital expenditure will bring in sufficient revenue over and above the standard of 40 lakhs to meet the interest charge

70 Our proposal therefore is to estimate the revenue for the purpose of the new Contract at 40 lakhs, while the Provincial Government considers that in the first three years of the Contract they will, under existing circumstances, make only 34,00, 35,30, and 39,50. Supposing we accept these estimates and take the 30 and the 50 in the last two cases as representing the revenue required to meet the new interest charges, there should be a supplementary arrangement that Imperial shall transfer to Provincial, to make up for this temporary failure of irrigation revenue, 6,00 in the first, 5,00 in the second and 1,00 in the third year of the Contract

The Future Provincial Contract with the North-Western Provinces and Oudh.

Public Works

71 As regards the cost of the new work, the present estimates place it at 32,70 as a minimum, of which 5,70 is to be charged to Revenue and the rest to Capital. Whatever part of this falls within the period of the new Contract will be borne entirely by Imperial. A small part of the expenditure will have been incurred before 31st March 1887, and belongs to the current Contract.

The Agra and Eastern
Jumna Canals

72 Of the other two canals the following are the figures —

	1881-82	1882-83	1883-84	1884-85	1885-86, Revised	1886-87, Budget
<i>Agra—</i>						
Revenue	5,91	5,29	6,44	7,92	4,45	5,45
Expenditure	2,26	2,18	2,39	2,66	2,67	2,72
<i>Eastern Jumna—</i>						
Revenue	7,39	8,35	7,65	7,94	5,74	7,32
Expenditure	1,73	1,99	1,96	1,92	2,03	2,19

The figures of 1884-85 were exceptionally high, and should not be regarded as precedents, but the Budget certainly seems in both cases to give rather a low estimate of revenue and a high estimate of expenditure.

Local Government's forecast

73 The Local Government have given the following figures as a forecast for five years —

	1887-88	1888-89	1889-90	1890-91	1891-92
<i>Agra—</i>					
Revenue	6,50	7,00	7,50	8,00	8,40
Expenditure	2,40	2,40	2,40	2,40	2,40
<i>Eastern Jumna—</i>					
Revenue	7,50	7,70	8,00	8,00	8,00
Expenditure	2,20	2,20	2,20	2,20	2,20

The forecast for the first of these years seems a not unfair estimate of the present scale of revenue and expenditure.

74 The interest charges according to the Budget of 1886-87 are 3,32 and 1,18 respectively, of which in each case 9 is Imperial. They are only slowly increasing, and of course new capital expenditure presumably brings in new revenue.

75. *Minor Works* — The revenue derived from minor Irrigation Works during the period of the current Contract has been 1,31, 1,35, 1,48, 1,33 and (Budget, 1886-87) 1,39. We may take 1,40 as the figure of the future Contract. On the expenditure side the figures have been as follows —

	Maintenance	Capital	Total
1882-83	1,75	39	2,14
1883-84	1,54	63	2,17
1884-85	1,93	33	2,26
1885-86	2,13	12	2,25
1886-87	2,49	14	2,63

The Future Provincial Contract with the North-Western Provinces and Oudh

Adjustments

There has been some heavy expenditure of late years on the Rohilkhand canals, which will not, we understand, continue, and we have taken the future figure at 2,13

CIVIL WORKS

76 The receipts depend largely on the outturn of the Roorkee workshop, which the Local Government propose, if possible, to sell or lease, but this will not affect the Contract. The receipts of late years have been 12,74 in 1882-83 (when an exceptionally large income was got by sales), 10,51, 8,89 and 9,65. The Budget of 1886-87 provides 9,00. The latter figure may be accepted. On the expenditure side the figures are —

	1881-82	1882-83	1883-84	1884-85	1885-86	Budget
Original Works	9,42	10,31	10,46	11,26	9,10	7,86
Repairs	12,43	13,61	13,04	11,60	11,90	12,66
Establishment	5,66	6,99	7,11	6,93	7,09	7,15
Tools, plant, &c	-1,10	-21	56	-69	14	16
Civil Officers (<i>ie.</i> , collection of ferries and tolls, nazul land, &c.)	1,26	91	78	1,08	60	80
TOTAL	27,37	31,61	31,95	30,18	28,83	28,63

The Budget is lower than the expenditure of past years. Allowing 8 lakhs for Original Works and 12 lakhs for Repairs, the establishments should not cost more than 5 lakhs, namely, 25 per cent of the expenditure on works, 6,50, however, has been allowed, making, with the expenditure under Tools and Plant and Civil Officers, a total of 27,50.

ADJUSTMENTS

77 The new Contract will, it is presumed, swallow up all past adjustments. Past adjustments between Imperial and Provincial made on account of modifications in the distribution of revenue or expenditure since 1882. Their amount is therefore stated only to enable a comparison to be made between the results of the existing and of the proposed Contracts. In the Estimates for 1886-87 it is —33 net. There is also a special contribution to Imperial for Railway capital expenditure, which appears in the estimates as a reduction of the Provincial share of Land Revenue by 1,71.

78 The duty on Shahjahanpur rum, at Rs4 a gallon, is credited to Excise in the North-Western Provinces accounts, but half the amount levied in respect of exported rum (that is, the Provincial share) is by inter-provincial adjustment passed on by debit to North-Western Provinces and credited to the several Provinces to which it is exported. This adjustment has to be estimated for. Taking it at the average of 1884-85 and 1885-86, it will stand at 1,66, namely, 73 for the Punjab, 84 for Bengal, 5 for Central Provinces, and 4 for India.

79 The other inter-provincial adjustments necessarily drop out of account. They will come in, in the accounts of each year, as compensations for differences from our estimates,—for example, if the North-Western Provinces pays the leave allowances of a Bengal

The Future Provincial Contract with the North-Western Provinces and Oudh

Conclusion

office, it will recoup the amount by inter-provincial adjustment, but as we have not included such payments in our estimate, we have not to show separately the corresponding compensating adjustment

CONCLUSION

80 The figures which we propose as a basis for the Contract of 1887—1893 are set forth in the annexed Statements A, B, and C
Summary of above proposals
Columns 4 and 5 of A and B give the following result —

	Total Estimate	Provincial Share
Revenue	8,46,94	3,34,84
Expenditure	3,42,25	3,22,19
SURPLUS	5,04,69	12,65

There is thus a surplus of Provincial resources of 12,65, which may be resumed
Gain to Imperial of 12,65
It will not be fully realised during the first three years, as an allowance has to be made for loss by the Nadrai aqueduct, amounting to 6,00 the first year, 5,00 the second, and 1,00 the third, as explained in paragraph 70.

81 According to the new scheme, as ordered by the Government of India, the figures in column 6 of statements A and B give the following result —
New system of distribution
Provincial to contribute 13,90 yearly to Imperial

	R
Revenue	3,28,94
Expenditure	3,15,04
SURPLUS	13,90

82 This sum of 13,90 will be a lump reduction to be taken off, during each year of the Contract, from the Provincial Revenues

POONA,

The 10th September 1886

The Future Provincial Contract with the North-Western Provinces and Oudh

A—STATEMENT OF REVENUE

	BUDGET ESTIMATE OF 1886-87		ESTIMATES NOW ADOPTED		
	Total	Provincial Share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
	R	R	R	R	R
Civil Heads.					
Land Revenue—Divisible	5,74,11	1,46,14	5,74,00	1,46,11	(a) 1,13,50
" Provincial	5,66	5,66	5,70	5,70	5,70
Stamps	62,50	31,25	62,50	31,25	46,87
Excise	54,00	27,00	51,00	27,00	13,50
Provincial Rates (Provincial portion)	16,69	16,69	16,69	16,69	16,69
Assessed Taxes	20,50	6,00	20,50	6,00	10,25
Forests	15,50	7,75	15,50	7,75	7,75
Registration	3,15	1,73	3,45	1,73	1,73
TOTAL REVENUE HEADS	7,52,41	2,12,22	7,52,34	2,12,23	2,45,09
Interest (Provincial)	7	7	7	7	7
Law and Justice, Courts	4,85	4,85	4,85	4,85	1,85
" Jails	4,15	4,15	4,15	4,15	4,15
Police	3,66	3,66	3,66	3,66	3,66
Education	1,30	1,30	1,30	1,30	1,30
Medical	6	6	6	6	6
Scientific and Minor Departments	1,03	1,03	96	96	96
TOTAL CIVIL DEPARTMENTS	15,05	15,05	14,98	14,98	14,98
Superannuations (Provincial)	16	16	16	16	16
Stationery (Provincial)	69	69	51	51	51
Miscellaneous (Provincial)	2,66	2,66	2,66	2,66	2,66
TOTAL MISCELLANEOUS	3,51	3,51	3,33	3,33	3,33
Total Civil Heads	7,71,04	2,80,85	7,70,72	2,80,61	2,84,37
Public Works					
Railways (<i>vide</i> Statement C)	11,82	11,82	11,82	11,82	1,00
Irrigation and Navigation—					
Productive Works	44,85	14,85	54,00	51,00	54,00
Minor Works	1,39	1,39	1,40	1,40	1,40
Civil Works	9,00	9,00	9,00	9,00	9,00
Total Public Works	67,06	67,06	76,22	76,22	65,40
TOTAL REVENUES	8,38,10	3,27,91	8,46,94	3,36,83	3,29,77
Adjustments—					
Contributions to Imperial for Railway Capital		—1,71			
Transfers on account of various re-classifications		—33		—33	
Shahjahanpur rum		—1,66		—1,66	—83
Other Inter Provincial adjustments		57			
TOTAL RESOURCES	8,38,10	3,24,78	8,46,94	3,34,84	3,28,94

(a) The Government of India letter No. 2167 dated 26th July 1886 proposes the assignment of a fixed sum *plus* a quarter of the increase. We adopt in this statement the somewhat more convenient but equivalent course of assigning one quarter of the whole *minus* a fixed sum.

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B—STATEMENT OF EXPENDITURE

	BUDGET ESTIMATE OF 18 8-87		ESTIMATES NOW ADOPTED		
	Total	Provincial Share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads					
Refunds—Land Revenue	80	22	(a) 26	6	6
Divided lands	1 56	78	(a) 1 40	70	90
Land Revenue (Survey and Settlement)	10,05	2 56	10,00	2 51	2,50
" " (Collectors' Establishments)	35,00	35 00	35 00	35 00	35,00
" " (Village officers)	31,95	31 95	31,68	31 68	31,68
" " (Government Estates)	2 56	2 55	2 55	2,55	2,55
" " (Other charges)	1 16	1,01	1,16	1,01	1,01
Stamps	1 32	66	1,32	66	99
Excise	1,21	61	1,21	61	30
Provincial Rates	7	7	7	7	7
Assessed Taxes	25	1	10	1	5
Forests	9 25	1,63	9 75	1 68	4,88
Registration	1,91	95	1,91	95	95
TOTAL REVENUE HEADS	1,0008	81 06	99,11	83,78	83,97
Administration (excluding Account and Currency Office)	12 71	12 71	12,51	12,51	12,51
Law and Justice, Courts	12,35	12,35	12,35	12,35	12 35
Police " Jail	11,15	11 15	10 50	10 50	10,50
Police	39,27	38 61	39 27	38,61	38 61
Education	1 26	1 26	3 80	3,80	3 80
Medical	7,11	7,11	7 11	7,11	7,11
Scientific and Minor Departments (except Archaeological)	3 09	3 09	3 09	3 09	2,91
TOTAL CIVIL DEPARTMENTS	1,20 00	1 19 31	1,18 60	1,18,03	1,17,83
Superannuations (Provincial)	13 18	13 18	13 18	13,18	13 18
Stipends	5 65	5 65	5 65	5,65	5,65
Miscellaneous (Provincial)	1,90	1,96	1,82	1,82	1,82
TOTAL MISCELLANEOUS	21 09	21,09	20,95	20 95	20 95
Total Civil Heads	2,41,17	2,24,10	2,39,05	2,22,76	2,22,80
Public Works					
Railways (as per Statement C)—					
Working expenses	8 31	8 31	8 31	8,31	70
Interest	4 91	1,20	1,01	1,20	68
Salaries	10	10	10	10	10
Miscellaneous	10	19			
Construction	10 29	10,29			
TOTAL RAILWAYS	21 11	20 39	13 60	9 91	1,68
Irrigation and Navigation—					
Productive Works (see Statement C)—					
Working Expenses	22 69	22 69	20,85	20,85	20 85
Interest	25 95	21 91	25,95	21,91	25 95
Minor Works—					
Working and Capital	2 63	2,63	2 13	2 13	2,13
Interest (b)		1,01		1,01	1,01
TOTAL IRRIGATION AND NAVIGATION	61,27	51,21	18,93	18,90	19,91
Civil Works—					
Original Works	7,65	7,88	8 00	8,00	8 00
Repairs	12,66	12 66	12 00	12 00	12,00
Establishment	7,15	7,15	6,50	6,50	6,50
Civil Officers	80	80	80	80	80
Tools, Plant, &c.	16	16	20	20	20
TOTAL CIVIL WORKS	29 81	29,63	27,50	27 50	27,50
Total Public Works	1,04,03	1,00,26	90,09	86,31	79,12
Total Civil Heads and Public Works	3,45,20	3,24,75	3,29,13	3,09,07	3,01,92
Contributions to Local Funds—					
Surplus of Ferry Fund	5 81	5,81	} 13,12	13,12	13,12
Surplus of certain Government Estates	1,00	1,00			
In aid of Local Funds	11,85	11,85			
GRAND TOTAL OF EXPENDITURE	3,63,86	3,43,41	3,42,25	3,22,19	3,15,04

(a) Taken at the average of past years.

(b) Charge 't to Provincial by credit to Imperial.

The Future Provincial Contract with the North-Western Provinces and Oudh

C—STATEMENT OF PRODUCTIVE WORKS

	BUDGET ESTIMATE OF 1886-87			ESTIMATES NOW ADOPTED			PROVIN- CIAL SHARE AS PRO- POSED
	Budget Estimate	Imperial	Provincial	Total	Imperial	Provincial	
1	2	3	4	5	6	7	8
RAILWAYS							
<i>Gross Earnings</i>							
Cawnpore Achneyra	10,35		10,35	10,35		10,35	
Dildarnagar Ghazipur	47		47	47		47	
Bareilly Pilibhit	1,00		1,00	1,00		1,00	1,00
TOTAL	11,82		11,82	11,82		11,82	1,00
<i>Working Expenses</i>							
Cawnpore Achneyra	7,35		7,35	7,35		7,35	
Dildarnagar Ghazipur	26		26	26		26	
Bareilly Pilibhit	70		70	70		70	70
TOTAL	8,31	-	8,31	8,31		8,31	70
<i>Interest</i>							
Cawnpore Achneyra	4,62	3,16	1,46	4,62	3,16	1,46	
Dildarnagar Ghazipur	28		28	28		28	
Bareilly Pilibhit	58	58		58	58		58
Deduct, charged as interest on debentures	-51		-51	-51		-51	
TOTAL	4,91	3,74	1,20	4,91	3,74	1,20	58
<i>Net Return</i>							
Cawnpore Achneyra	-1,62	-3,16	+1,51	-1,62	-3,16	+1,51	
Dildarnagar Ghazipur	-7		-7	-7		-7	
Bareilly-Pilibhit	-28	-58	+30	-28	-58	+30	-28
Transfer to debentures	+51		+51	+51		+51	
TOTAL	-1,43	-3,74	+2,31	-1,43	-3,74	+2,31	-28
IRRIGATION							
<i>Gross Earnings</i>							
Ganges Canal	20 28		20,28	40,00		40,00	
Lower Ganges Canal	11,80		11,80				
Agra Canal	5,15		5,15			6,50	
Eastern Jumna Canal	7,32		7,32			7,50	
TOTAL	44,85		44,85	51,00		51,00	51,00
<i>Working Expenses</i>							
Ganges Canal	9,53		9 53	16,25		16,25	
Lower Ganges Canal	8 25		8 25				
Agra Canal	2 72		2 72			2,40	
Eastern Jumna Canal	2,19		2,19			2,50	
TOTAL	22,69		22,69	20,85		20,85	20 85
<i>Interest</i>							
Ganges Canal	10,64	21	10,43	21,45		20,59	
Lower Ganges Canal	10,81	65	10,16		86		
Agra Canal	3,32	9	3,23		9	3,23	
Eastern Jumna Canal	1,18	9	1,09		9	1,09	
TOTAL	25,95	1,01	24,91	25,95	1,01	24,91	25 95
<i>Net Return</i>							
Ganges Canal	11	-21	32	2,30			
Lower Ganges Canal	-7,26	-65	-6,61		-86	3,16	
Agra Canal	-59	-9	-50		-9	87	
Eastern Jumna Canal	3,95	-9	4,04		-9	4 21	
TOTAL	-3,79	-1,01	-2,75	+7,30	-1,01	+8,21	7,20

The Future Provincial Contract with the Central Provinces

Preliminary

CHAPTER V

THE FUTURE PROVINCIAL CONTRACT WITH THE CENTRAL PROVINCES

[Figures entered thus,—2.08—without designation, mean thousands of rupees]

PRELIMINARY

The following table shows briefly what is set out more fully in the Note reprinted as Appendix No III to this volume, the financial history of the Central Provinces during the five-year period now coming to an end —

*Statement of Provincial Revenue and Expenditure in the Central Provinces
from 1882-83 to 1886-87*

1	REVENUE					EXPENDITURE				
	CIVIL		PUBLIC WORKS		Total	Civil	PUBLIC WORKS		Total	
	Principal Revenue heads	Other Departments	Ordinary	Railways & Nut			Ordinary	Interest on Railway Capital		Capital expenditure
1	2	3	4	5	6	7	8	9	10	11
Average Assignment	55.17	7.02	70	71	69.69	19.31	9.08	2.69	1	61.08
1882-83	56.12	7.91	71	7.68	69.45	51.53	10.08	3.15		61.07
1883-84	58.15	7.02	61	6.50	72.32	50.75	10.15	3.19		61.69
1884-85	58.34	6.69	68	5.58	71.29	51.19	11.28	3.72		69.19
1885-86 (Revised)	57.60	7.11	55	5.60	70.89	52.15	13.13	3.93		69.51
1886-87 (Budget)	57.96	6.86	57	4.60	69.69	55.10	15.72	4.11		75.26
Total of the five years	288.17	30.65	316	25.96	352.94	261.32	63.96	18.73	1	344.02
Five times average Assignment	270.85	35.10	350	3.75	319.45	216.35	15.10	13.15		305.10

¹ B—For an explanation of the method by which these figures are arrived at, see paragraph 10 of Chapter II page 14

The actual revenue exceeded the assignment by 31½ lakhs. Of this 12½ were due to the revenue-producing heads (chiefly Exercise, Stamps, and Forests, for Land Revenue showed but little growth, as in no district did the Settlement expire during the period), and 22 to the Nagpur-Chattisgarh Railway. Certainly the Province had to pay five lakhs above the assignment for interest on Capital, but putting this against the net income there was a clear gain by this Railway of 17 lakhs. On the Expenditure side the assignment was exceeded by 38½ lakhs, 15 lakhs under Civil heads, and 18½ under Ordinary Public Works, besides the 5 lakhs above mentioned under Interest on Railway Capital. but taking the whole five-year period, the revenue exceeded the expenditure by nearly nine lakhs of rupees. Its balance thus grew to 25 lakhs, but of this during the last year, the Province gave up 12 lakhs to the Government of India. In the current year provision is made for more liberal expenditure than in any previous year, and the Budget shows a deficit of 5½ lakhs. The expenditure must therefore be reduced (or the income be increased) by this much before equilibrium can be reached, and there must be a still further decrease of expenditure before the Government of India can make any profit by renewing the Contract on the old terms.

The Future Provincial Contract with the Central Provinces.

Land Revenue

2 In our discussion with the authorities of the Cential Provinces, we for the most part adopted the Budget figures of 1886-87 as the estimate of revenue and expenditure, upon which the new Contract should be based We state below the result of our discussion of those figures, but the conclusions adopted are subject to such modifications, as may appear necessary, when the Revised Estimates for 1886-87 show the approximate actual financial results of the year.

LAND REVENUE

3 *Revenue* —There has been no alteration during the past five years in the standard of the revenue, and we have therefore adopted under this head the average of the past years, in which the collections were on the whole very steady There appears to have been an unexpectedly short collection in the latter months of 1885-86, which will no doubt be made up in 1886-87 The Local Government accept our figure (61,18) as the present standard under this head. During the next five years several Settlements fall in, and arrangements for re-settlement are already in active operation The estimated increases to be obtained are as follows —

	Enhancement	Progressive Total
	₹	₹
1886	13,200	13,200
1887	25,770	38,970
1888	79,100	1,18,070
1889	1,87,360	3,05,430
1890	32,050	3,37,480

4 *Expenditure* —A very complete plan has been laid down for the re-settlement of the Province, the general scheme of operations for each of the next ten or fifteen years having been already devised, but the proposals are still to some extent under discussion In the Chattisgarh Division operations have been conducted upon the old method A Professional Survey Party is at work in Biláspur (estimated to cost ₹211 per square mile) and a Settlement Survey Party is at work in Raipur and Sambalpur (estimated to cost ₹138 per square mile at present, but afterwards ₹100 only) The Biláspur Party, which is the last of four Professional Survey Parties working in the Cential Provinces, will be withdrawn after completing that district in about three years more The rest of the Province is to be settled on a system which utilises to the full the existing Patwaris It begins with their instruction in survey work, and proceeds by various stages to the final settlement of the district concerned

5 Part of the intended operations is a Professional Traverse Survey intended to furnish reference points for the Patwaris' survey The Provincial authorities, while admitting this Traverse Survey to be very useful, did not consider it essential, and said that they would rather give it up than pay for it The consequence is that it is now being carried out at Imperial cost.

The Future Provincial Contract with the Central Provinces

Land Revenue

6 Excluding this Triavese Survey, the cost of the Survey and Settlement operations upon the plan at present sketched out, is —

Future cost	R
1887-88	5,48,300
1888-89	6,32,700
1889-90	4,66,550
1890-91	3,69,600

These figures include the cost of the Biláspur Survey Party of which Provincial pays its share. The whole Survey and Settlement operations up to 1897-98 will cost 39 lakhs of rupees, besides at least ten lakhs for Triavese Survey. The estimated annual addition to the revenue, when the operations are complete, is 18½ lakhs of rupees.

7 The old Survey and Settlement records are in most cases not sufficiently correct for present use, but the present scheme provides for the maintenance of the Survey Record as well as for the first operation.

8 A Summary Settlement is meant to precede the regular operations in a small part of the Province.

9 No Survey or Settlement operations were provided for in the Contract made in 1882, but operations preliminary to the regular re-settlement were commenced soon after that year. The figures in even thousands for the five years of the Contract are 0, 15, 48, 2,22, 3,75 (Budget), and of this expenditure the Provincial share will be borne by the Provincial Government up to the end of 1886-87. But for the future we would propose that the expenditure should not be included within the ordinary Contract, but be made the subject of a special arrangement. This seems desirable for several reasons: (1) because it is a new subject of expenditure which did not exist at the time the existing Contract was framed, (2) because the plan of operations is still subject to the settlement of one or two important questions, (3) because the expenditure is so large as to affect somewhat seriously the general financial working of any proposed Contract. As soon as the points still under discussion are settled, and the plan of operations finally fixed, an estimate should be made both of the cost to be incurred and of the expected gain of revenue by re-assessment. As one quarter of these would under the general system be Provincial, a special assignment should be made of one quarter of the excess of expenditure over increase of revenue, and this should be added every year to the ordinary assignment, provided that the scale of operations is not curtailed below that of the original estimate. But both for the purpose of fixing the terms of the new Contract itself, and for the purpose of comparing the result with that of the existing Contract, the subject of Survey and Settlement should be left out of consideration. We have, however, retained the cost of the work in column 5 of the annexed Statement B for the sake of comparison.

10 The expenditure under the head of Deputy commissioners and Establishments is over-estimated in the Budget of 1886-87 by reason of the inclusion of the full sanctioned scale of Assistant Commissioners, without sufficient allowance for the fact that many of them are officiating in vacancies in higher appointments. The estimate is

The Future Provincial Contract with the Central Provinces

Stamps

for the expenditure of 1,55 against an actual past expenditure of about 70, the increase of 85 being therefore an excess estimate, of which half comes against this head and half against Law and Justice, say 42 against each. But as 20 of this excess was deducted as Probable Savings, this leaves only 22 under each head to be reckoned as over-estimate. There does not appear to be any probability of an increase in the whole strength of the staff, especially as any excess, accruing from an over-estimate in recruiting, will be swallowed up by the demands of the new Settlement Department.

11 We have therefore taken 7,28 as the estimate under this head, in lieu of the Budget figure of 7,50

12 The charges against this head at the time of the last Contract were about one lakh less, and this increase in expenditure is thus accounted for —

Increase since 1882		R
(1) Improvement in the pay of Extra Assistant Commissioners, estimated in 1882 at		15,000
(2) Revival of a First Class Deputy Commissionership—suppressed in 1878 (half cost)		5,000
(3) New system of Revenue Inspectors (or Kanungos), viz., 108 for Tahsils and 18 for Districts (with subordinates)		73,000
	Total	93,000

Of the Inspectors, about twelve District Inspectors yet remain to be entertained, otherwise the expenditure is already almost entirely appropriated

STAMPS

13 Revenue, 13,78—Expenditure, 36 —The revenue is slightly progressive

14 General stamps are sold by licensed vendors, whose general rate of discount is 3 per cent at places where there are also official vendors and 5 per cent where there are not

15 On Court-fee labels no discount is allowed, the sales are made through the Treasurers, who are given allowances to enable them to provide vendors at places where the work is considerable

The number of men so employed is—

		R
Nagpore	5 costing	90
Jubbulpore	2 „	40
Saugor	2 „	10
Raipur	1 „	25
Sambalpur	1 „	15

Total 210 a month

It is explained that it is impossible to do without these vendors by reason of the obligation to enface all Court-fee labels with certain particulars at the time of sale. The allowances are high compared with the North-West rate of R10 for such vendors, but the excess is considered the Treasurer's remuneration for the personal responsibility in respect of them. It is really an allowance in addition to the Treasurer's fixed pay, which is R50, except for four of the larger Treasuries, where R60 is given in three cases and R80 in one. The Treasurers are also allowed a Stamp Moharram, except in two or three cases.

The Future Provincial Contract with the Central Provinces

Excise

16 We doubt if the cost of sale can be reduced so long as the present system is in force

EXCISE

17 *Revenue*—25,00 was the Revised Estimate of 1885-86, and was taken Budget figure adopted for also for the Budget Estimate of 1886-87 The revenue the present is, however, fairly progressive, it reached 25,23 in 1885-86 and will no doubt show a certain increase in the Revised Estimate of 1886-87, which may warrant the adoption of a higher figure in the Contract

18 The duty on spirits is levied in several ways Wherever it is practicable the Sudder Distillery system is applied, there being thirty-six such distilleries The duty is levied on the mohwa brought in for use, being generally 1½ annas a seer, which makes the charge about 12 annas a gallon The area commanded by each distillery is parcelled out into small circles, in each of which the monopoly of vend is sold The want of capitalists and the consequent necessity of small transactions is, throughout the Central Provinces, a leading feature in the regulation of the system

19 In some cases the monopoly-vendors are allowed "Contract stills," all of which are at police outposts, so that no separate establishment is necessary The distiller here pays Rs 5 to 8 or 10 for each day he applies for entrance to work the still.

20 In outlying places, and on the borders of Native States, the out-still system prevails

Opium 21 Opium is sold from the Treasuries at Rs 22 per seer to the licensed vendors, who have purchased the monopoly of sale

22 The cultivation of ganja is allowed in the Nimar District and in the Katol Sub-district of Nagpore The cultivation Ganja is not taxed, but the cultivators are bound to bring the produce into two assigned depôts, where alone it may be sold to purchasers These purchasers are licensed wholesale dealers (one for each district), who pay Rs 2 for every seer they purchase. The monopoly of vend is sold to retail dealers, who purchase on their own terms from the wholesale vendors

23 One noteworthy feature is that the cultivators are allowed to sell to traders for exportation from the Province, and that such sales are not in any way taxed, it seems doubtful if the law permits such taxation The consequence is that large amounts of ganja are carried (under passes) into the North-Western Provinces, which up to the time of their entrance there have paid no duty whatever Some is also exported to Bombay The figures given us by the North-Western Provinces are, 1882-83, 383 maunds, 1883-84, 2,278 maunds; 1884-85, 1,698 maunds, 1885-86, 3,923 maunds The variation in quantity appears to be due to circumstances affecting the amount of a limited cultivation We suggest that arrangements should be made for treating this ganja for purposes of export in the same manner in which Bengal deals with the Rajshahye ganja, legislative provision being made, if necessary, for the change

24 *Expenditure*—The expenditure is mainly under the heads of District Establishments establishments, Petty Construction and Repairs (i.e., Distilleries), and Rewards In each district the Deputy Commissioner has a Darogha, whose business it is to watch the whole operations

The Future Provincial Contract with the Central Provinces

Provincial Rates Assessed Taxes Forests

of the district, and whose employment is necessary by reason of the large number of separate arrangements which are included in the area of each district. A mohaur and a menial servant for each district, and a mohaur for each of the thirty-six distilleries, nearly complete the Excise establishment

25 There is a Superintendent of Stamps, Excise and Registration on Superintendent of Stamps, R1,200 a month—charged two-thirds to this head and Excise, &c one-third to Registration His establishment is on a very moderate scale

PROVINCIAL RATES.

26. The figures have not varied very much from year to year, but the transfer of the Education Rate to Local Funds causes a difference in the distribution between Provincial and Local. The figures of the past years are as follows —

	1882-83	1883-84	1884-85	1885-86 Revised	1886-87 Budget
District Post	37	37	35	31	31
Famine Assurance	1,26	1,28	1,25	1,27	1,27
Education Provincial	1,31	1,36	1,12	1,29	1,28
„ Local			18		
					3
					Total 1,61

See remarks under Education

ASSESSED TAXES

27 As in other Provinces, the revenue under this head will be known with sufficient accuracy only when the assessments are completed. The charges amount to R3,000 only

FORESTS

28 The Forest revenue in the Central Provinces is of a very stable character, being largely composed of grazing fees and other receipts of a petty character, but in such quantity as to make up a considerable amount on the whole. There is a steady progress in the revenue, which the Conservator places at R20,000 a year—apparently a moderate estimate

29 The Budget Estimate of 1886-87 is, receipts 10,91 and expenditure 5,51, or a surplus of 5,40, being mainly based on the anticipations, in the Revised Estimate, of the actual outturn of 1885-86. The Actuals, however, are much better than the Revised Estimate, giving 10,37—4,44=5,93 against 10,02—4,70=5,32, though the year was not on the whole a favourable one. There seems therefore very little doubt that the actual outturn of 1886-87 will show a much better surplus than 5,10. Indeed the Conservator informs us that his estimate of expenditure is intended to include provision for expenditure which he may be called on to incur if any special demands are made upon him, but which, if he does incur it, will bring in more revenue than he has estimated. The present figures may therefore be expected to bear a considerable improvement, when the Revised Estimate of 1886-87 is made up

The Future Provincial Contract with the Central Provinces

Registration General Administration

30 We are informed that a large proposal for enhanced establishment is at present before the Chief Commissioner—a proposal which involves, within three years, an increase of Rs9,000 for four Sub-Assistants, and of Rs60,000 for subordinate establishments. Part of this has to do with more extensive revenue-protection, and may not be sanctioned, part of it is connected with the change of some of the forests from second class into first class reserves. The discussion of the matter by the Local Administration is not yet far enough advanced to enable us to say how much the plan will cost, or how much fresh revenue it may be expected to bring in.

31 The large number of petty transactions in the Central Provinces leads to rather strong establishments and as the Conservator has nineteen divisions to deal with, and to receive accounts from, he has an Assistant Conservator at head-quarters.

REGISTRATION

32 We propose to estimate for a surplus of 33 (73 — 40), instead of 30 only (73 — 43), on the ground that no explanation has been given of the increase from 40 to 43 in the Budget Estimate of expenditure. The differences are small and may await the consideration of the Revised Estimates of 1886-87. There are nine special Sub-Registrars, paid by salaries of Rs75 in one case (Nagpore) and of Rs30 in the others. Tahsildars are Sub-Registrars, and get a fee of five annas for each document. The District Registrar is the Senior Assistant Commissioner. There is an Inspector, under the Inspector-General, who gets a salary of Rs200 rising to Rs250.

GENERAL ADMINISTRATION

33 There has been a slight rise in the expenditure under the head of General Administration, which is 3,59 now against 3,45 in the first year of the Contract. This is partly due to an increase in one Commissioner's salary, but mostly to establishments increased on account of the work in connection with Local Boards and for other reasons. Local Boards make a contribution of about Rs5,000 towards the expense of audit charged to Provincial under this head.

34. The establishment of the Secretariat is on a small scale. Including the establishment provided for the Director of Agriculture and Settlement (who is a Junior Secretary), the office contains a Superintendent on Rs450, nine clerks on salaries from Rs250 to Rs100, and fourteen on lower salaries.

35 The Chief Commissioner when he goes to Pachmarhi takes only his Secretary and one camp clerk. The cost of the journey is regulated by the ordinary travelling allowance rules, and halting allowances are admissible at daily rates for the first ten days of halt only. The visits of Heads of Departments to Pachmarhi are regulated in the same way, but such visits are exceptional. The Chief Commissioner does not himself draw the halting allowance admissible to him, and is willing that it should not be drawn by his Secretary and Departmental officers, except when they are called up by him for short business visits, not for temporary residence. The matter (a) will be noticed in our proposals regarding travelling allowances.

(a) Owing to the dissolution of the Committee, the matter was not finally disposed of by them.

The Future Provincial Contract with the Central Provinces.

Law and Justice—Courts

LAW AND JUSTICE—COURTS

36 *Expenditure*—There has recently been a re-organisation of the Civil Courts, which has added slightly to the cost of Civil Justice. The inability of Deputy Commissioners to find time for a large amount of petty work which fell upon them under the old system, caused arrangements to be made for the transfer of that petty work to Assistant Commissioners, but as the law then stood, this could be done only by changing the entire status of the Assistant Commissioners' Courts, and this being done, the petty appellate work had to go up to the Commissioners instead of being disposed of by the Deputy Commissioners. The result was that though the Deputy Commissioners were relieved, the Commissioners were overburdened, and the arrears necessitated the appointment of an Additional Commissioner. A new law remedied this, and the Additional Commissioner was abolished in 1881, the difficulty being met by the creation of low-paid Courts, and by the better arrangement of jurisdictions. These now stand as follows—

Original—Thirty-two Naib-Tahsildars have powers up to Rs50

Fifty Tahsildars and fourteen special "Additional Tahsildars," of whom thirteen were added in 1885, have powers up to Rs100 and Rs300

Deputy Commissioner and Commissioner—The powers of these officers are without limit, and as any of the Deputy Commissioners' powers can be conferred on Assistant Commissioners, the same may be said of the last-mentioned grade

First Appeal—Suits under Rs1,000 to Deputy Commissioner, but this power again can be made over to a lower-paid official

Above Rs1,000 to Commissioner

From a Commissioner to the Judicial Commissioner, but as Commissioners do not, as a matter of fact, exercise their original powers, there has been no such appeal of late years

37 This scheme seems extremely economical, and is based on the theory of employing cheap tribunals wherever the pettiness of the work renders it possible to do so. In this way, the re-organisation, so far as increase of establishment went, meant only some re-arrangements of jurisdictions, and only thirteen new Munsiffs or "Additional Tahsildars" were created, charged as "Civil Courts" and costing some Rs35,000 in salaries and Rs5,000 in establishment. Civil suits in the Central Provinces are mostly very petty, the statistics of 1885 being—

	Suits
Not exceeding Rs 100	92,323
Up to „ 500	10,440
Over „ 500	1,641
	<hr/> 104,904 <hr/>

38 This increase of Rs40,000 (against which there was the saving of an Additional Commissioner), and the half of the increase of Rs10,000 under Deputy Commissioners, are the only additions to the expenditure under this head during the period of the Contract. There are some further apparent

The Future Provincial Contract with the Central Provinces

Law and Justice—Jails

additions by the inclusion of copyists' establishments (about R17,000) and by increased process-serving establishments, but in both these cases the increase of receipts outweighs that of expenditure.

39 There are four Cantonment Magistrates, and in three of the cases the

Cantonment Magistrates

Chief Commissioner considers that the work might be more cheaply provided for. The Jubbulpore duties are already arranged for, by the employment, with an additional allowance of R250, of the Superintendent of the Central Jail—an arrangement which might be made permanent, it would merely involve the selection, as at present, of a suitable officer of the Commission for the joint duties. For the Cantonment at Saugor the Chief Commissioner would provide by giving a small allowance to one of the military officers for cantonment duties, and by substituting an experienced for an inexperienced Assistant upon the general District Staff the saving is reckoned at R3,000 a year. To Kamptee, the Chief Commissioner would attach an Assistant Commissioner permanently, in lieu of the present Cantonment Magistrate who is also Small Cause Court Judge, but for personal reasons this cannot be done at present, unless the incumbent, Colonel Miller, can be received back to military duty.

40 The remaining Cantonment Magistrate, at Asirgarh, must be retained. He is a military officer, who gets an allowance of R200 for Cantonment and for some other civil work.

41 There are Small Cause Courts at Nagpore and Jubbulpore. The

Small Cause Courts

Judicial Commissioner is of opinion that the Nagpore one, with his Registrar, is required, but we have not as yet obtained statistics of the work, either there or at Jubbulpore. The Small Cause Court Judgeships are at present both filled by Natives who, though only officiating, draw the full pays of R1,000 and R800. The Cantonment Magistrate of Kamptee is also Small Cause Court Judge, and he has a Registrar who, in the opinion of the Judicial Commissioner, is not now necessary and may be abolished.

42 The arrangements just alluded to require some preliminary proceedings,

Estimate of future expenditure

and we do not therefore at present take them into account. We deduct only the 22 mentioned in paragraph 10, and fix the estimate at 7,55.

43 *Receipts*—The current year's estimate of 1,25 is accepted by the Local Government.

LAW AND JUSTICE—JAILS

44 *Receipts* 3,01,—*Expenditure* 5,07,—according to Budget. We pro-

Estimates for the future Manufactures

posed here two reductions of the expenditure, namely, 20 on account of over-estimate of cost of supplies, and 27 under-estimate of the excess of receipts over expenditure on account of manufactures. The figures of manufactures stand as follows—

	1881-82	1882-83	1883-84	1884-85	1885-86, Revised	1886-87, Budget
Receipts	3,91	4,40	3,45	3,08	3,00	3,01
Expenditure	3,48	3,96	2,60	2,49	2,47	2,79
SURPLUS	43	44	85	59	53	22

The Future Provincial Contract with the Central Provinces

Police

The Inspector-General was not able to assign any particular reason why this large falling off in profits should be expected. We think he may be expected to find his actuals better than his estimates, and we give him credit for 27 more than he shows, that is, for an expenditure of 2,52 only against his receipts of 3,01.

45. Our other reduction seems doubtful, as the actual outturn of 1885-86 showed that the Inspector-General was right in considering that that year would show an enhancement of cost. It is, however, only partly due to higher prices, and to some extent represents higher stocks at the end of the year. In any case we let his figures stand until the Revised Estimate shows what he really is spending.

46. We considered the question whether any district jails could conveniently be closed, but with the long distances of the Central Provinces, the expense of frequent journeyings of prisoners to other jails would swallow up any probable saving. The establishments of district jails are on a small scale, the Darogha being an officer on Rs5 or Rs10 only. Assistant Darogas exist at three places only.

47. The Central jails manufacture small dhurries for soldiers, which are sold in large numbers to the Commissariat Department. They are, however, sold through middlemen contractors, and the Inspector-General has not been successful in attempting direct transactions.

48. The School of Industry has almost ceased to make any profit, partly because machinery has enabled the tent-makers in the North-Western Provinces to compete at an advantage with its special industry, but mainly because the dwellers in the Thug village have almost all passed their threescore years and ten.

POLICE

49. *Expenditure*—The Budget under this head is 13,51, but examination in detail shows that this is probably an over-estimate by 15. The 13,51 includes 12,70 on account of the District force, of which we have the following figures—

Actuals, 1884-85	.	.	12,46
Revised, 1885-86	.	.	12,70
Actuals, 1885-86			Less by about 18
Budget, 1886-87			12,70 (repairs Revised)

Now in the first place there is no real increase over the scale of 1881-85, except about Rs5,500 for certain Police guards, who now take the place of Military guards withdrawn on the reduction of the Military force, and Rs3,000 for operations against Tania Bhul. Moreover, clothing is certainly over-estimated at Rs49,700 (Rs6 per head), the average expenditure for five years being Rs39,000 (the large figures of 1884-85 and 1885-86 being due to large purchases of greatcoats which last five years, and which purchases happen to be so arranged that the expenditure falls mainly upon two years out of every five).

50. The charge for Superintendence is comparatively small, as a single officer on Rs1,800 a month is Inspector-General of Jails and of Police, though charged entirely to Police.

The Future Provincial Contract with the Central Provinces

Police

51 The charge for the District force has been somewhat enhanced during the five years of the Contract, the figures from 1881-82 being 10,69, 11,79, 12,34, 12,46, 12,70 (Revised, 1885-86) Of this increase about 30 is due to certain improvements in pay in 1884, and 1,11 is due to transfer of Municipal Police charges

District Force

Municipal Police charges

52 As regards the latter, the Chief Commissioner obtained the assent of the Government of India to refrain from demanding any equivalent in the case of the smaller Municipalities, merely hoping they would increase their Educational and Medical expenditure There remained the seven larger ones which had received ₹73,000 out of the ₹1,11,000 of relief, and even of these, the five chief ones were for the most part relieved of the obligation (see C C's Circular VI of 16th April 1882), because they were either in debt on account of, or accumulating funds for, water-supply schemes Against the whole amount the Municipalities have relieved the Government of only ₹23,000, namely, payments to Police for conservancy supervision, ₹10,000, medicines for dispensaries, ₹3,000, contributions to schools, ₹10,000 And the first of these reliefs the Municipalities are now to some extent withdrawing, by insisting upon appointing their own petty establishments to do the supervising work that the Police can practically do without increase of cost

53 It would seem that the Local Administration should reconsider the question of possible reduction of the burden upon Provincial funds, on account of Municipal Police, or on account of schools and dispensaries in Municipal limits,

54 The increase of pay in 1884, referred to in paragraph 51, affected mainly the Chief and Head Constables, and was procured partly by a reduction in the number of Inspectors We cannot say that we think the scale of pay too high, Chief Constables in charge of stations (at Tahsils) getting ₹40 to ₹80, and Head Constables in charge of outposts getting ₹9 to ₹20

Increase of pay in 1884

55 The number of Mounted Police has been greatly reduced (though not recently), and does not seem more than sufficient for patrolling duties, and for escort, &c., of high officers in camp The number was 363 in 1869, reduced to 264 in 1871, and to 192 in 1881

Mounted Police

56 The Inspector-General recommends some economies in the matter of travelling allowances First, a few selected Inspectors now get the rank of Assistant Superintendents (B Class), but this is honorary only, as their work remains the same as that of other Inspectors The Inspector-General does not think it necessary that they should get travelling allowance on any scale above that of Inspector, and this was probably not intended The option to subordinate police officers of exchanging daily rates, under certain circumstances, for road mileage, and the grant of double railway fare to them and to Constables, he considers, leads to abuse We have suggested elsewhere (a) that the Travelling Allowance Code should prescribe a *bonâ fide* journey of twenty miles as the minimum limit for the exchange, by higher officers, of the daily for the mileage rate

Travelling allowances,

(a) *Vide* paragraph 25 of Chapter XII of Volume II

The Future Provincial Contract with the Central Provinces

Education

EDUCATION

57 The following figures show the results of
 Past expenditure past years —

	1882-83	1883-84	1884-85	1885-86, Revised	1886-87, Budget
<i>Provincial</i>					
Education Cess	1,31	1,36	1,12	3	3
„ Receipts	1,03	1,00	1,05	1,39	1,38
„ Expenditure	5,72	5,75	5,72	4,66	4,06
Net Expenditure	3,35	3,33	3,55	3,24	3,55
<i>Local</i>					
Education Cess			18	1,28	1,28
„ Receipts			2	6	7
„ Expenditure	2	2	26	1,54	2,00
Net Expenditure	2	2	6	20	65

58 The first noticeable feature in these statistics is the transfer of the Primary Schools in 1885 to the Local Councils. To meet the charges, the Education Cess was also transferred to them, but as the expenditure somewhat exceeded its amount, provision was also made for a contribution from Provincial funds, which will be noted under “Contributions.” There are about 1,854 schools of this class

59 The expenditure on Secondary Schools is all Government expenditure, but contributions towards it are received from Municipalities, sixty out of sixty-three schools being within Municipalities. These contributions are increasing, as Municipalities are induced to take an active interest in the schools. Besides direct expenditure, the Municipal contributions have amounted from 1883-84 to R37,472, R15,747, and R49,234, and the Budget Estimate for 1886-87 is R61,875. The greater part of this represents relief given to Provincial Funds, but part of it represents charges arising in consequence of the addition of higher classes to existing schools.

60 The School fees vary according to the ability of the parent, and the general scale has recently been raised. The highest pay
 Fees
 Salaries
 drawn by any master is R200 a month.

61 There are three High Schools for the Province, and three Colleges, namely, two aided Colleges at Nagpoor (R156 and R100 respectively per mensem) and a Government College at Jubbulpore, which has one Principal and four Professors, one of these last being also Superintendent of the High School. The Jubbulpore College is required for the Urdu-speaking races, as the Nagpoor Colleges are for the Mahatta races. It has just been erected with aid of large contributions from the community, and

The Future Provincial Contract with the Central Provinces.

Medical

it is perhaps too soon to raise the question of its being turned into an aided institution

62 There are three Inspectors on the graded list, and for Primary Education there are District Inspectors,—one for each district except Raiput, which has two. We consider that the arrangements are all on a very economical scale, except the three “graded” Inspectors, for whom, in time, Natives will be substituted

63 The Estimate of Provincial Educational expenditure is certainly over-drawn at 4,96, but the Inspector-General informs us that he has taken full sanctioned scale, and expects considerable savings. The actual expenditure of 1885-86 was only 4,38 against a Revised Estimate of 4,66, and as the Inspector-General informs us that the only increase he expects is about Rs15,000, and that even that will be covered by new receipts, we are apparently safe in reducing the estimate of expenditure from 4,96 to 4,66.

MEDICAL

64 All Hospitals and Dispensaries in the Central Provinces, except six (of which one only, Pachmarhi, is within Municipal limits), have been made over to Municipal and District Funds. The Government supplies the Assistant Surgeons or Native Doctors (about 140 in the whole Province) and pays their travelling allowances, but all other expenditure is met by the Local and Municipal Funds. The Government share of the expenditure is probably in most Dispensaries much the larger, but we understand that the Chief Commissioner is ready to consider the question of throwing part of it on the Local bodies

65 Nine of the Municipalities bear the whole of their Vaccination charges, the others do not at present bear any, but will have to bear any increase required for the work within their limits. Apart from this, Vaccination, including one Superintendent for each district (average pay about Rs30) with about ten Vaccinators on the average, is a Local charge. The vaccination is supervised by the Civil Surgeons

66. Jubbulpore affords a prominent instance of the growth of Civil Surgeons' allowances. The station itself is certainly not so large as many stations in the North-Western Provinces, where a Civil Surgeon easily does all the work, but the Civil Surgeon of Jubbulpore has an Apothecary Assistant to help him by taking the work of attending on the Government establishments, and besides his salary he receives the following allowances —

	R
Charge of Lunatic Asylum	250
Medical charge of Central Jail	100
“ “ of School of Industry	50
Oomaria Coal-field	100
Meteorological Observations	30
	— Rs30

The propriety of including some of these functions in the Medical Officer's salary proper might be considered, as soon at least as the present incumbent, who has been for twenty years resident in Jubbulpore, leaves. Besides the Civil Surgeon's Assistant, there are in Jubbulpore a Hospital Assistant for the School of Industry and two Assistants for the Hospital and Dispensaries

The Future Provincial Contract with the Central Provinces

Scientific and Minor Departments Stationery and Printing Miscellaneous

67 The offices of Surgeon-General and Sanitary Commissioner are combined in one individual (a Deputy Surgeon-General), and the Chief Commissioner informed us that in his opinion it would be possible to arrange for the work even without such an officer. That is, if he had the choice, he would otherwise spend the money appropriated to this officer's salary

68 There is now no Medical School in the Central Provinces, students being sent to the School at Patna, and maintained there by stipends paid by the Chief Commissioner

69. The Budget Estimate of Medical expenditure is 2,83, but this provides for a considerable increase over the recent scale of expenditure, and it seems doubtful if it will be reached. Pending experience of the actual expenditure, we allow only half the increase and reduce the figure to 2,76

70 We are informed that in consequence of arrangements made in April 1885, the medical expenditure of Municipalities has increased by some thousands of rupees, though that increase has not come in in relief of any Provincial expenditure.

SCIENTIFIC AND MINOR DEPARTMENTS

71 The provision made under the head of the Agricultural Department includes Rs16,800 (besides travelling allowance) on account of the Director of Agriculture, which appointment has been amalgamated with, and provided for, under the designation of Settlement Commissioner. Certain personal reasons may cause some expenditure under this head to occur next cold weather, but the amalgamation will be complete before next Contract, and, including allowances, 18 may be reduced from the estimate

72 We are not disposed, after enquiry, to criticise the small expenditure on Museums, Experimental Farms (of which the area has been considerably reduced of recent years) and Gardens. The expenditure is in many cases useful, and in none extravagant

STATIONERY AND PRINTING

73 The expenditure under these heads is in our opinion economically arranged and controlled. Jail labour is largely used for Vernacular form printing, and it is in contemplation to extend its use. There is what would appear a rather useless debit and credit to this head on account of the employment of jails for printing. We have reduced 3 in the Estimate for printing, as we find that it includes a rather high provision for new material which will not recur

MISCELLANEOUS

74 We have no remark to make on the Miscellaneous expenditure. The recent increase of the charge for Petty Establishments represents merely part of a new distribution of expenditure between Local and Provincial

The Future Provincial Contract with the Central Provinces

Transfers between Provincial and Local Public Works

TRANSFERS BETWEEN PROVINCIAL AND LOCAL

75 From April 1885 the distribution between Provincial and Local of the expenditure under certain heads was modified, the following being the details —

		Provincial, better	Local, better
Educational expenditure transferred to Local	Net	44	
Pounds transferred from Local to Provincial		24	
Dispensaries 12, and Vaccination 14, transferred to Local		26	
Former Dispensary contribution from Local abolished			11
Expenditure on Dāk Bungalows 7, and Station gardens 11, taken over by Provincial			18
Pachmarhi expenditure, undertaken by Provincial			1
	TOTAL	94	30

76 This made a difference of Rs64,000, which amount the Chief Commissioner undertook to contribute to Local—but only in case the contributions were found to be really required. The Local Funds had been for the most part spending within their income, and the amount of contribution actually made last year was only Rs7,400 to Chānda and Rs1,800 to Saugor. Although the Estimates provide for the full Rs64,000 of contributions in 1886-87, it is certain that nothing like the full amount will be required, in fact, what will be required, will be mainly in consequence of the Chief Commissioner urging the Boards to higher expenditure upon roads.

77. So far as we can estimate, Rs30,000 seems a sufficient allowance to make for the demand upon the Provincial Government in respect of Local Funds, which, as just remarked, may be considered due to enhanced expenditure upon roads.

PUBLIC WORKS

RAILWAYS

78 The receipts and expenditure of the Nagpoie-Chattisgarh Railway are only estimated *pro forma*, as the Railway will in future come into the Imperial account. The Budget Estimates are Receipts 15,00, Maintenance 10,40, and interest 4,14. Net return 46. This is a low figure, and is largely due to the fact that heavy renewals and improvements are being made, which probably add about a lakh at present to the normal expenditure. This will go on for some time yet. But it is worthy of note that, on taking over the Railway at this valuation (15,00 Receipts, 14,54 Expenditure) the Imperial Government practically obtains a benefit of about a lakh of rupees, in other words, they will be able, by the benefit obtained from the revision of the Contract, to meet an outlay of a lakh of rupees a year on the improvement of the Railway, without trenching upon other sources.

The Future Provincial Contract with the Central Provinces

Inter provincial Adjustments Conclusion

CIVIL WORKS

79. The expenditure upon Civil Works, during the term of the current Contract, has been—

	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
Original Works	3,85	3,88	5,52	5,17	5,61
Repairs	3,92	3,78	5,53	4,93	5,46
Establishment	2,19	2,53	2,75	2,90	3,50
Civil Officers	6	10	12	10	13
Other Charges	5	17	22	19	25
TOTAL	10,07	10,46	14,17	18,29	14,95

80. Allowing 3,00 for establishment and 4,75 for Repairs, we get an obligatory expenditure of about 8,00, without reckoning new works. We think it should be easy to keep the expenditure within this amount, though the very large area, and the comparatively simple nature of the works, render the highly paid organisation of the Public Works Department a rather heavy burden upon the Province. The heavy charge for establishment in the Estimates for 1886-87 does not appear to be properly justified.

81. It is for the Government of India to decide to what figure the expenditure upon original works may be reduced. On the one side there are the demands of an undeveloped Province, and on the other financial exigencies. We reckon for the present an amount of 2,00, considering that the Local Government may be able to supplement it from its accumulated balances, which are likely, as at present estimated, to be fourteen lakhs when the new quinquennial period begins,—that is, six lakhs in excess of the prescribed minimum of eight lakhs.

INTER-PROVINCIAL ADJUSTMENTS

82. The only inter-provincial adjustment of which it is necessary to take note is that for Sháhjahánpurium, which is imported after paying duty in the North-Western Provinces. The amount of that adjustment is, for the half-share duty, Rs. 5,000. The ordinary account adjustments will continue to be made on account of expenditure incurred by other Provinces for the Central Provinces, or *vice versa*, but as the amounts of which these are the adjustments are taken in the Estimates of the Provinces on account of which the payments have to be made, the adjustments, though they enter the accounts, are necessarily omitted in the Estimates.

CONCLUSION.

83. The result of our Estimates is that the future revenue and expenditure of the Provincial Government will stand at 80,66 and 78,81 respectively, so that there is a surplus of 1,85 (which may not unlikely be somewhat increased on the Revised Estimate). This surplus it is open to the Imperial Government to resume, by reduction of the Provincial share of Land Revenue or otherwise, and this 1,85 is the measure of the gain to Imperial by the revision of the Contract.

The Future Provincial Contract with the Central Provinces.

Conclusion

84 We append, in the final columns of the annexed statements, a calculation showing how the same estimated revenue and expenditure would be divided, under the scheme of assignment laid down in Financial Department letter No 2187 of July 26th, 1886, modified as proposed in paragraph 9 with respect to the expenditure on Survey and Settlement operations. The Provincial Government would require a grant of 13,64 in excess of the quarter share of Land Revenue, to place it in equilibrium under this new scheme. The gain to Imperial is of course the same as before, namely, 1,85, as compared with the existing Contract.

POONA,

The 15th September 1886

The Future Provincial Contract with the Central Provinces

A—STATEMENT OF REVENUE

	BUDGET ESTIMATE of 1886-87		ESTIMATE NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads					
Land Revenue	61,15	30,09	61,18	30,10	15,20(a)
Stamps	13,78	6,89	13,78	6,89	10,33
Excise	25,00	12,50	25,00	12,50	6,25
Provincial Rates	1,61	1,64	1,64	1,64	1,64
Assessed Taxes	3,81	1,22	3,81	1,22	1,92
Forests	10,91	5,47	10,94	5,17	5,47
Registration	73	37	73	36	36
TOTAL REVENUE HEADS	1,17,08	58,18	1,17,11	58,18	41,26
Interest	3	3	3	3	3
Law and Justice, Courts	1,25	1,25	1,25	1,25	1,25
" " Jails	3,01	3,01	3,01	3,01	3,01
Police	52	52	52	52	52
Education	1,38	1,38	1,38	1,38	1,38
Medical	4	4	4	4	4
Scientific and Minor Departments	12	12	12	12	12
TOTAL CIVIL DEPARTMENTS	6,32	6,32	6,32	6,32	6,32
Superannuations (Provincial)	5	8	8	8	5
Stationery	22	22	22	22	22
Miscellaneous (Provincial)	21	21	21	21	21
TOTAL MISCELLANEOUS	51	51	51	51	51
Total Civil Heads	1,23,94	65,04	1,23,97	65,04	48,12
Public Works					
Railways	15,00	15,00	15,00	15,00	
Civil Works	57	57	57	57	57
Total Public Works	15,57	15,57	15,57	15,57	57
TOTAL REVENUE	1,39,51	80,61	1,39,54	80,61	48,69
Adjustments—					
Sháhjáhnpur Rum		5		5	2
Other Inter-provincial adjustments		—27			
TOTAL RESOURCES	1,39,51	80,39	1,39,54	80,66	48,71

(a) The Government of India letter No. 2187, dated July 26th, 1886, proposes the assignment of a fixed sum *plus* a quarter of the increase. We adopt in this statement the somewhat more convenient but equivalent, course of assigning one quarter of the whole *plus* a fixed sum.

The Future Provincial Contract with the Central Provinces

B—STATEMENT OF EXPENDITURE

	BUDGET ESTIMATE OF 1886 87		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads					
Refunds, Land Revenue	6	3	(a) 12	6	3
„ Divided Heads	18	9	18	9	12
Land Revenue—					
Survey and Settlement	3,75	1,84	3,75	1,84	
Collectors' Establishments	7,50	7,50	7,28	7,28	7,28
Other Heads	4	4	4	1	4
Stamps	36	18	36	18	27
Excise	70	35	70	35	18
Assessed Taxes	3	1	3	1	1
Forests	5,54	2,77	5,54	2,77	2,77
Registration	43	22	40	20	20
TOTAL REVENUE HEADS	18,59	13,03	18,40	12,82	10,90
Administration (excluding Account Office)	3,59	3,59	3,59	3,59	3,59
Law and Justice, Courts	7,77	7,77	7,55	7,55	7,55
„ „ Jails	5,07	5,07	4,50	4,80	4,80
Police	13,51	13,48	13,36	13,33	13,33
Education	4,96	4,96	4,66	4,66	4,66
Medical	2,83	2,83	2,76	2,76	2,76
Scientific and Minor Departments	73	73	55	55	55
TOTAL CIVIL DEPARTMENTS	38,16	38,43	37,27	37,24	37,24
Superannuations (Provincial)	1,45	1,45	1,15	1,45	1,45
Stationery	1,47	1,47	1,44	1,44	1,44
Miscellaneous (Provincial)	53	53	53	53	53
TOTAL MISCELLANEOUS	3,45	3,45	3,42	3,42	3,42
Post Office	49	49	49	49	49
Total Civil Heads	60,99	55,40	59,58	53,97	52,05
Public Works					
Railways—Working	10,40	10,40	10,40	10,40	
Interest	4,14	4,14	4,14	4,14	
TOTAL RAILWAYS	14,54	14,54	14,54	14,54	
Civil Works—					
Original Works	5,61	5,61	2,00	2,00	2,00
Repairs	5,46	5,46	4,75	4,75	4,75
Establishment	3,50	3,50	3,00	3,00	3,00
Civil Officers	18	13			
Other charges	25	25	25	25	25
TOTAL CIVIL WORKS	14,95	14,95	10,00	10,00	10,00
Total Public Works	29,49	29,49	24,54	24,54	10,00
Total Civil Heads and Public Works	90,48	84,89	84,12	78,51	62,05
Contributions to Local (net)	77	77	30	30	30
GRAND TOTAL OF EXPENDITURE	91,25	85,66	84,42	78,81	62,35

(a) Taken at the average of past years

The Future Provincial Contract with Bombay

Preliminary

CHAPTER VI

THE FUTURE PROVINCIAL CONTRACT WITH BOMBAY

[Figures entered thus,—2,08—without designation, mean thousands of rupees]

PRELIMINARY

In Appendix No IV to this Volume will be found a detailed account of the working of the Provincial Contract during the last five years. The Contract was certainly, as compared with that of the other large Governments, exceptionally favourable to the Provincial Government. It was a continuation of the Contract of 1877-78, without any reduction of allotment, whereas Bengal gave up twenty-four, and the North-Western Provinces fourteen, lakhs a year, and it started with an initial surplus of assigned revenues over assigned expenditure of 6,84, which was larger than that of any other Government. It allowed the Provincial Government a sixty per cent share of the Land Revenue, whereas the other large Governments got only from twenty-five to thirty per cent,—an advantage which became extremely valuable, as the Land Revenue almost immediately increased by many lakhs above the standard on which the Contract was based.

2 The following abstract sets forth, in a single view, the result of the five years, omitting all reference to the book credits and debits which enter the accounts on both sides and to the assignment made for special Land Revenue refunds and the charges made against it —

	REVENUE				EXPENDITURE			
	Civil		Ordinary Public Works	Total	Civil	Public Works		Total
	Principal Revenue Heads	Other Departments				Ordinary	Capital Expenditure	
1	2	3	4	5	6	7	8	9
Average Assignment	2,57,58	20,05	6,91	2,83,91	2,17,53	29,57		2,77,10
1882-83	2,68,03	17,92	7,16	2,82,51	2,17,91	31,87		2,82,78
1883-84	2,81,02	17,97	7,10	3,06,09	2,56,28	36,91		2,93,22
1884-85	2,76,92	17,95	8,17	3,03,01	2,60,71	42,01		3,02,91
1885-86 (Revised)	2,96,63	20,11	7,99	3,24,73	2,72,69	35,51	22	3,08,90
1886-87 (Budget)	2,87,81	20,68	7,53	3,16,05	2,77,72	16,99	36	3,25,07
Total five years	14,00,14	91,03	37,95	15,32,42	13,15,31	1,96,32	69	15,12,31
Five times average Assignment	12,87,90	1,00,25	31,55	14,19,70	12,37,65	1,47,85		13,85,50

N.B.—For an explanation of the method by which the above figures are arrived at see paragraph 10 of Chapter II, page 14

The revenue of the five years exceeded the assignment by 113 lakhs of rupees. Of this 40 lakhs are due to Land Revenue, as a large extent of the Province came under re-settlement during the period. Excise produced as much, and Forests 26 lakhs. The expenditure exceeded the assignment by 127 lakhs. Of this increase 78 lakhs took place under Civil Heads and 48 are due to more liberal expenditure on Public Works. In the current year provision has been

The Future Provincial Contract with Bombay

Land Revenue

made for still larger outlay, and the Budget of the year brings out a deficit of 9 lakhs

3 The total revenue of the five years was 15,32,42, the total expenditure 15,12,31. Thus there was a surplus of 20, and the Provincial balance, which at starting was 32 lakhs, is now estimated to be 52 lakhs at the end of the Contract. But as 20 lakhs have been given up to Imperial in the estimates of 1886-87, it will be reduced again to the 32 lakhs,—that is, to 12 lakhs above the prescribed minimum.

4 Thus the Province has, throughout the term of the Contract, enjoyed uninterrupted financial prosperity, and has much more been in the position of seeking how to spend its increasing revenues with advantage, than of casting about for money to meet urgent administrative demands.

5 In considering our proposals for the future Contract, we have principally been guided by the Budget Estimates of 1886-87. But as the Bombay Government is, more than any other, given to providing considerable margins in its estimates, we have, in many instances in which the Budget Estimates were much in excess, on the expenditure side, or the actuals of 1885-86, used the figures of that year to a large extent as a corrective. When the Budget figures of 1886-87 are accepted without any addition or deduction on account of the difference between 1886-87 and 1885-86 or of any exceptional items found in them, it is to be understood that the Revised Estimate of 1886-87, when made up, should be substituted for the Budget Estimate in framing the actual Contract.

6 We were joined in Bombay and Poona by the two members appointed by the Local Government, Messrs Forbes Adam and Lee-Warner, and were greatly benefited by the local knowledge they brought to bear on the subject and by the general assistance they gave us. We had not the advantage of discussing our proposals in conference with His Excellency the Governor in Council, as the Local Government preferred to receive them in writing and to draw up its reply in writing after further deliberation. In submitting our proposals, therefore, to the Government of India, we have done so without knowing what objections the highest Provincial authorities may have to urge against them, but we have kept them cognisant in a general way of our proceedings, and we make this observation, not because we expect our proposals to be entirely unacceptable to the Government of Bombay, but only to intimate that they have not yet been formally considered by it.

LAND REVENUE

7 *Revenue*—The total receipts of Land Revenue (including the amount due to Irrigation) have been as follows—

1880-81	3,76,37	1883-84	3,99,67
1881-82	3,88,19	1884-85	3,90,45
1882-83	3,72,81	1885-86 (Revised)	4,15,76

8 The explanations given in proposing the Budget Estimate for 1886-87 show that there were some eleven lakhs more than usual of arrears earned from 1884-85 to 1885-86, and if we transfer this eleven lakhs from the figures of 1885-86 to those of 1884-85, we get for the figures of the last three years, 3,99,67, 4,01,45, 4,04,76. This last

The Future Provincial Contract with Bombay

Land Revenue

figure again agrees closely with the Budget Estimate for 1886-87, namely, 4,04,36, which naturally expresses the probable realisable demand for one year

9 The actual collections of 1885-86, as reported to us, are largely in excess of the Revised Estimate, but it is probable that this merely arises from early collections of amounts that would otherwise come into 1886-87, if so, short collections will follow in 1886-87

Details of collections

10 The details of the collections of the three financial years 1883-84 to 1885-86 are as follows —

	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
Ordinary Revenue, including amount due to irrigation and Sind Village cess (b)	3,18,24	3,04,81	3,31,13	3,20,76
Miscellaneous Revenue	12,41	11,18	10,26	9,21
Local Revenue	1,38	1,09	1,10	(b) 1,12
Total actual Revenue	3,32,03	3,17,08	3,42,49	3,31,09
Alienated Revenue (nominal)	67,64	(a) 73,37	73,27	73,27

(a) The greater part of the increase from 67,64 to 73,37 took place in Sind and appears to have come in by addition of new entries on both sides of the account

(b) The Sind Village cess was shown as local in the Budget of 1886-87

11 The Revenue Department keeps its accounts by the Revenue year ending July 31, but its statistics enable us to calculate the realisable demand as follows (Administration Report for 1884-85) —

1884-85	Bombay Proper	Sind	Total
Khalsa Lands	2,34,22	52,42	2,86,64
Quit Rents	31,40	23	31,63
Other Miscellaneous heads	8,60	2,21	10,81
Total creditable to Land Revenue	2,74,22	54,86	3,29,08
Add—			
Irrigation creditable to Public Works Department	1,50	47	1,97
Alienated Land Revenue	63,74	9,64	73,38
TOTAL DEMAND	3,39,46	64,97	4,04,43

Now the amount remitted in 1883-84 was 3,93 and in 1884-85 was 3,35; and taking the largest of these figures, we get the net realisable demand at 3,29,08 — $3,93 = 3,25,15$

Remissions

12 A statement prepared for us by the Settlement Commissioner gives the following as the probable demand in the Presidency proper, excluding alienations —

1884-85 (As above)	2,74,22	1888-89	2,83,55
1885-86	2,75,69	1889-90	2,85,54
1886-87	2,78,50	1890-91	2,86,18
1887-88	2,80,60	1891-92	2,87,66

The Future Provincial Contract with Bombay

Land Revenue

13 This gives an increase of demand, for 1886-87, of 4,28 over the demand for 1884-85. The precise figures for Sind for the years Improvement from 1886-87 1885-86 and 1886-87 are not available, but from the information given us for other periods, it appears that the increase in Sind is over half a lakh a year. So that we obtain, beginning from 1886-87, a better position, by at least five lakhs, than that shown above for 1883-84 and 1884-85, and may place the realisable demand at $3,25,15 + 5,00 = 3,30,15$.

14 We have, therefore, by a forecast based upon the Budget of 1886-87, which ordinarily represents the actual realisations, and Estimate adopted for the future agrees closely with the average collections of the three preceding years, an estimate of 3,31,09, and by a forecast based on the figures of the Revenue Department, 3,30,15. The former does not appear to be too high as it takes the Miscellaneous Revenue at 9,21, while it has never recently been less than 10,26. So that it appears on the whole that we may take 3,31,00 as the existing standard of revenue, of which over one lakh of rupees is shown as Local in paragraph 10, and 1,96 is on account of the Sind Village Cess which is now transferred to Local. We therefore take 3,28,00 as divisible and 3,00 as Local(a). The 73,27 due to alienations is a nominal entry and is met by nominal charges,—9,17 under Land Revenue, 59,29 under Assignments, and 4,81 under Police.

15 *Expenditure*—The expenditure on Collectors and their establishments in 1884-85 and 1885-86 was 29,71 and 29,64. For 1886-87 an estimate of 30,07 is made, the excess arising mainly from taking a full estimate for the “Super-numerary Assistants,” of whom, as a matter of fact, many are absorbed by officiating appointments. There are also large excesses of estimate under contingencies of different descriptions,—that is, the estimates are higher than the existing scale of expenditure, so that we consider that 29,70 is enough to provide under this head.

16 We have, with reference to this head, to propose the amalgamation of the two appointments of Collector of Bombay and of Collector of Customs. It seems to be admitted that the personal duties of these two officers are not greater than one man can easily perform. The question of amalgamation was last considered in 1882, and though it was not then approved, the reasons against it seem to us far from conclusive. The difficulty of the Collector’s supervising the work of establishments at two places—the Customs House and the Collectorate—appeared to be considerable when there was a proposal to move the Customs House to the Prince’s Dock, but this project has since been abandoned.

17 It will probably be necessary to give the Collector, in the combined appointments, an additional Covenanted Assistant of the A Covenanted Assistant provided for R700 grade, which will add R200 a month (or R2,400 a year) to the present scale of expenditure (the number of supernumeraries being at present such as easily to afford a reduction by one). The present Collector, for personal reasons, gets the full pay of R2,500 a month, and the saving to be effected on the present estimates is therefore R2,300 a month, or R27,600 a year.

(a) These figures and those in paragraph 10 and others dependent on them in the concluding paragraphs and in the annexed statement A have been altered since our original Note was written, in consequence of its being pointed out by the Government of Bombay that the Sind Village Cess had been included in the Provincial Land Revenue in previous years and not only in 1886-87.

The Future Provincial Contract with Bombay

Land Revenue

18 We should probably take the appointment as distributed in equal shares between Land Revenue and Customs, and we get the following estimates —

	Land Revenue R	Customs R
<i>Present Estimate</i>		
Collector	30,000	24,000
<i>Future Estimate</i>		
Collector @ 2,000	12,000	12,000
Additional provision for Assistant	1,200	1,200
Total	13,200	13,200
Saving	16,800	10,800

19 We may therefore take 29,70—17, or 29,53, as the estimate of expenditure under this head. It includes over 20, on account of moiety of compensation allowances to Civil Servants,—a charge which, it may reasonably be hoped, will not be of long duration.

20 The expenditure in recent years on Survey and Settlement has been—

	1881-82	1882-83	1883-84	1884-85, Budget
Survey	6,36	6,72	6,84	6,90
Settlement	3,15	2,12	2,64	2,00
Total	9,51	8,84	9,48	8,90

21 There are two entirely distinct Departments—one for Bombay proper and one for Sind, and it would appear that, speaking broadly, the "Survey" of the accounts represents the first of these, and the "Settlement" of the accounts the latter.

22 It would appear that the scale of operations has been somewhat diminishing. The Settlement Commissioner (Bombay proper) informs us that the cost of his Department, though sanctioned at 7,04, will really not exceed 6,50, the estimated increase of revenue during the five years of the Contract being 2,12, 2,95, 1,99, 63, and 1,48.

23 The amount given us as the cost of the Sind survey is 1,78 a year, and the increases of revenue in the same way are 68, 58, 27, 62, and 49. The Department, however, does not seem to be aware of the actual charges brought to account, and pending explanations, which we have called for, we take the estimate at what appears to be a much more probable figure, *viz*, 2,30.

24 The work of both these Departments will continue on the full scale, or nearly so, for the next five years,—arrangements being made for the Agricultural Department to step in as the Settlement Departments complete district after district.

The Future Provincial Contract with Bombay

Salt Stamps

25 Included in the 8,80(a) which we thus provide for the two Departments there is a charge of Rs.600, on account of the Talukdārī Settlement Officer. This officer and his establishment are for the most part paid from the revenues of the estates they administer, but as the officer himself is partly engaged in Government work also, Rs.300 per mensem of his pay is contributed by the Government.

26 Of the amount chargeable under the head of Village Officers, 9,17 is paid by credit to Land Revenue, being part of the 73,27 Alienations. Besides these, there are two heads as follows —

	1883-84	1884-85	1885-86, Revised	1886-87, Budget
Watandārs	12,64	12,88	11,76	11,76
Village expenses	5,44	5,31	6,49	6,49
TOTAL	18,08	18,19	18,25	18,25

It would appear, therefore, that $9,17 + 18,25 = 27,42$ is a proper provision to make.

SALT

27 *Revenue* — The Budget Estimate of Miscellaneous revenue which alone is Provincial is 37, and has been taken for the future Contributions by owners of Salt Works and from Port Funds Contract. The only item included in this sum which requires notice is the sum of Rs.500 contributed by owners of Salt Works towards the cost of the Government establishments maintained at the works. As the establishments will, in future, be charged to Imperial in accordance with the Government of India letter No. 2187, dated 26th July 1886, it may seem that this contribution should be credited to Imperial. It seems better, however, to maintain the Provincial interest in the continued collection of this contribution, the remission of which was once before recommended by the Collector of Salt Revenue, but not approved by Government. There is a similar contribution of Rs.10,000 from Port Funds which for the same reason may be retained as Provincial.

28 *Expenditure* — The expenditure will, in future, be for the most part Imperial and has therefore been separately dealt(b) with. For present purposes it may be taken at the figure shown in the actuals of 1885-86, viz., 9,12. We have not clearly ascertained if there are any establishments connected with the realisation of the part of the revenue credited to Provincial, either collecting establishments or warehouse establishments, but if there are any such, an assignment will have to be made in the future Contract to cover their cost.

STAMPS

29 *Revenue* — On the revenue side the Provincial Estimate is a high one, 45,50, having been raised nearly one and a half lakhs above the Budget Estimate of 1885-86 for special reasons. The actuals of 1884-85 and 1885-86 were 44,64 and 44,31, and we think it safest to take the average of these three figures or 44,80.

(a) We ascertained afterwards that we had not received correct information on this subject, and the question of the proper allotment to be made for Survey and Settlement operations in Bombay and Sind was further examined in a paper which is reprinted as Appendix A to this chapter.

(b) *Vide* Volume II, Chapter III, Section B.

The Future Provincial Contract with Bombay

Stamps

30 *Expenditure* — The expenditure comes under three principal heads — Inspection, Establishment for sale of stamps, and Dis-
 Inspector General of Stamps count on sales The Inspector-General of Stamps is also Inspector-General of Registration, and it is on the latter branch of his work that he is principally employed As far as stamps are concerned, his duties are only to see that proper stocks are kept up in Treasuries and Sub-treasuries and by licensed vendors, and that stamps filed in the courts are properly cancelled We do not think that an officer of his rank and pay is required to perform such duties, which are peculiarly those of Collectors of districts We have elsewhere proposed that the appointment should be abolished Of the five Inspectors we propose that one should be abolished and the rest retained for the present, for further remarks on this subject, see under Registration The reduction in the Budget thus effected is Rs.8,000

31 The Collector of Bombay is Superintendent of Stamps, and in this capacity has charge of the stock and distributes it to all
 Superintendent of Stamps the district offices in Bombay, Sind and Belar, to some districts in the Central Provinces, and to salesmen in Bombay The work is principally done by the Assistant Superintendent of Stamps on a salary of Rs.600, with a staff of 29 clerks and 37 servants We have enquired into this office and have no reason to think it is overmanned There are four salaried vendors in Bombay City, two at the High Court and two at the Small Cause Court, two receive Rs.80 and two Rs.40 per mensem At the Allahabad High Court the salaried vendor receives only Rs.10 per mensem We think the Bombay salaries unnecessarily high and recommend their reduction, but we do not allow for any such reduction in framing the Provincial Contract, as the figure is but small

32 Sixteen of the Collectors have vernacular clerks to carry on the sale of stamps, the rest manage the work by their ordinary staff
 District establishments Of the sixteen, nine are allowed one clerk, five (Ahmednagar, Karachi, Khairpur, Poona, Satara) have two, and two (Ahmedabad and Nasik) have three We question the necessity of any district having more than one stamp clerk, but possibly at Poona and Ahmedabad, where there are no treasuries except the Branch Bank of Bombay, two may be required If this is the case, seven clerks, if not, nine clerks, may be retrenched But here again we only make this suggestion for economy for the use of the Local Government, and do not think it necessary to retrench the cost of the clerks from the Contract

33 Discount at two per cent is allowed on the sale of Court Fees Stamps by licensed vendors, limited thus In Bombay itself
 Discount on sales to sales of adhesive stamps, and in the Mofussil to sales of both kinds below Rs.50 in value The grant of discount on the sale of Court Fees Stamps is not universal The usual rule is that they are sold only by salaried and *ex-officio* vendors, and we suggest the extension of this rule to the Bombay Presidency If, as would seem to be the case, the Local Government should be of opinion that such a rule cannot be made general without imposing undue labour on the establishments or causing inconvenience to the public, the grant of discount might, we think, at least be confined to the eight and one-anna values which are those in most frequent demand, and be extended to the higher values (under Rs.50) only in localities where there is no *ex officio* or salaried vendor within a moderate distance, who could be required to undertake their sale We have not included in the Contract any possible saving, which might accrue from such a change of procedure

The Future Provincial Contract with Bombay

Excise

34 The estimate for 1886-87 is 1,91, but the actuals of both 1885-86 and 1884-85 have been 1,98, so that the estimate of 1886-87 appears slightly low. We deduct the saving, 8, from 1,98, and fix the figure for the Contract at 1,90.

EXCISE

35 *Revenue* — The five years of the Contract have witnessed the completion of a new system, by which the Cential Distillery system has been introduced in lieu of the Out-still system, the monopoly of distilling being sold to a single person, while, as regards the revenue from toddy trees, a system of tree tax has taken the place of a system of farm. The precise information, which this system gives, regarding the consumption of spirits enables the Excise authorities to continually increase the rate of tax, and thus to increase the revenue while watching the effect on the consumption.

36 The increase obtained in this way during the Contract has been very marked, the totals of Excise Revenue for the four past years being, 70,10, 77,73, 82,14, 90,05. In 1879-80 it was only fifty lakhs. The estimate for 1886-87 is 85,58. This was made before the outturn for 1885-86 was known, and it might now with the more recent knowledge be placed much higher. The reduction of the tree tax in Bombay Island from R18 to R10 is the only measure that might lead to a reduction of revenue, but even that appears from the papers to be a change from a partly unrealisable to a realisable rate of tax.

37 Part of the increase of revenue above referred to arises from the purchase of the excise rights of Native States, to whom an annual payment is made out of the revenue realised.

38 About eleven or twelve lakhs of the revenue are obtained from opium, of which the right of vend is sold by the district. The large farmers obtain their opium direct from the producing districts, but opium is also sold from the Government treasuries at R20 a seer, the price of re-sale being restricted to R25. Accordingly, though the total figure attained in 1885-86 was a large increase over the former year, we may, pending the revised estimates, assume that it will maintain itself, and we therefore place the estimate at 90,05.

39 *Expenditure* — The changes just noted have necessarily been accompanied by a considerable increase of establishment. The Departmental Reports show the following scales —

	31st July 1882	31st July 1885
INSPECTORS AND SUB-INSPECTORS—		
R100 and over	20	35
Under R100	121	173
GAUGERS, CLERKS, &c —		
R12 to R50	21	(a) 56
PEONS AND SERVANTS—		
R6 to R20	558	703
TOTAL NUMBER	790	967
MONTHLY COST	R12,602	19,059

(a) Includes 4 on R60, 70, and 100

The Future Provincial Contract with Bombay.

Provincial Rates Customs

The Budget Estimate of 1885-86 fairly agreed with this (it was necessarily a little earlier in date), showing the total cost of establishment and travelling allowances at Rs2,27,000

40 By the system which prevails in Bombay, the persons who purchase the Contributions by distillers might to distil, have to pay a contribution towards the towards cost of guarding maintenance of the establishment, and the amounts thus payable aggregate Rs6,110 a month, or Rs73,320 a year. By orders of the Local Government, this contribution on the one side, and the cost of the additional Police maintained to guard the distilleries and for other excise duties on the other side, which came to a little over Rs60,000, was transferred to the head of Police, the Local Government apparently overlooking that in this way it modified the Provincial Contract in its own interest to the extent of Rs6,000 a year. Thus the Budget Estimate for 1886-87 shows the Inspectors, Sub-Inspectors and clerks only (which, including travelling allowances, come to Rs2,10,000 against Rs1,75,000 in the estimate for 1885-86), the remaining Rs50,000 or Rs60,000 being transferred to the Police estimate. The estimates of 1886-87 show also the addition of a Deputy Collector for the Island of Bombay, who is mainly required for supervising the tree-tax system.

41 The large increase in these establishments appears to us to be entirely justified, whether as regards the improvement in system Increase justified by results which has rendered it necessary, or the large increase of revenue which has accompanied it.

PROVINCIAL RATES

42 By the rules prevailing in Bombay, the District Boards are entitled to receive only the net proceeds of the rates, and therefore so much of the rates is credited to Provincial as is necessary to meet the expenditure of Government in respect of their collection. The figures appearing in the Revised Estimate of 1885-86 and the Budget Estimate of 1886-87 are as follows —

	1885 86	1886 87
	R	R
Revenue (Provincial rates)	57,000	55,000
Expenditure (Refunds)	12,000	10,000
„ (Provincial rates)	57,000	55,000

It would appear from these figures that the refunds had been forgotten in estimating the revenue, which should have been placed at 69, against the expenditure of 12 and 57. For present purposes we take 55 on both sides, and omit the estimate of refunds.

CUSTOMS

43 Revenue — We have taken the Provincial Customs Revenue at the Contributions by private Budget figure (45), which is about the amount of past companies actuals. It principally consists of fees for boat licenses and for the registry of vessels, of fees for transshipment and for duplicates or further amendment of Customs documents, and of warehouse and wharfage rents and fees. There is, however, one item which will have to be noted in connection with the expenditure, namely, Rs8,700, paid on account of salaries and of pensionary contribution for Government establishments employed for the convenience of private companies, such as the Peninsular and Oriental Company.

The Future Provincial Contract with Bombay

Assessed Taxes

44 *Expenditure*—The Customs establishments throughout Bombay are Customs and Salt establishments combined practically inseparable from the Salt establishments and are, like them, to be Imperial in the future Contract. They have been separately dealt with (*vide* Vol II, Chapter III, Section B), but for present purposes are taken at the actual amount of 1885-86, namely, 4,80

45 We were unable clearly to ascertain at the time if there were any petty establishments connected with the receipts which are classified as Provincial. The Bombay Government was asked to give us a list of any such expenditure, whether boat-licensing establishments, or warehouse establishments, which had to be provided for in its Contract.

46 It would seem desirable also to provide for the Provincialisation of all transactions of the kind indicated by the receipt of Rs,700 for special establishments employed at the instance of private companies. It is presumed that these establishments are separate ones and not merely part of the general establishments, and in that case, it will be easy to leave both the receipts and the corresponding expenditure in the Provincial account.

ASSESSSED TAXES

47 *Revenue*—The estimate of receipts from Income-tax for 1886-87 was 34½ lakhs, but that is now believed to be more than will actually be collected. The estimate for the Mofussil in Bombay proper, excluding the City, is now 8½ lakhs. Sind may bring in, we are told, about two lakhs, and Bombay City sixteen to seventeen lakhs of rupees. The balance has to be made up from payments by the Railway Companies, the realisation of which is doubtful, and which it would appear convenient to retain in the Imperial account, and not to mix up with the rest of the assessments of the Presidency.

48 *Expenditure*—As to expenditure, the License tax establishment cost 20, almost all of which was paid to officials in Bombay, the work of the districts being done by the Collectors' establishments without any extra charge. In the current year the Bombay City cost has been fixed at 41, and that of the rest of the Province at 46. Of the latter, 18 is on account of the officer in special charge, Mr Baines, and 28 for the Mofussil, mostly on account of special salaries to assessing officers who will not be needed in future. Mr Baines' appointment will not be renewed, and we may reckon the future charge outside of Bombay City at 10.

49 In Bombay City there is a large establishment, two Joint Commissioners at Rs250 each, a Collector at Rs800, an Assistant at Rs350, 21 Clerks at Rs735, six Inspectors at Rs620, and menials, costing in all 41 per annum. The allowances to the Joint Commissioners (who are highly paid officers of Government,—the Collector of Bombay and one of the Presidency Magistrates,—and who have had very little or no work to do so far in return for these allowances) will no doubt be withdrawn, but we believe that it is considered necessary to retain the rest of the establishment on the ground that there are constant changes of residence and an ebb and flow of trading residents, and that the annual work of revising the assessment will not be much less than the work of introducing the Income-tax. Ten thousand people were assessed to License-tax, and it is estimated that thirty thousand will pay Income-tax. We are not satisfied that the labour in future will be so

The Future Provincial Contract with Bombay

Forests Registration

much greater than that connected with the License-tax that the establishment (which cost about 18) need be doubled, and we think the Government of Bombay should be invited to reconsider the question. Meanwhile we accept the establishment of 41—6 or 35 for Bombay City, and 10 for the establishment required in the Mofussil, total 45

FORESTS

50 The forests in Bombay are divided among three Conservators, the Northern and Southern Divisions of Bombay proper and the Sind Division. The statistics of revenue show a very rapid improvement, having been for the last five years as follows —

	Revenue	Expenditure	Surplus
1881-82	15,28	11,50	6,78
1882-83	20,90	12,62	8,28
1883-84	25,03	15,45	9,58
1884-85	27,75	17,63	10,12
1885-86	33,66	17,89	15,77

51. The Budget Estimate of expenditure has been fixed by the Government of India at 18,52—5 or 18,47. We take as our estimates for the future 31,00 and 18,50, giving a surplus of 12,50. The chances are that the revenue will be more, but, until the realisations of the current year can be ascertained, it is best not to assume the maintenance of the high figure of 1885-86. The expenditure is certainly amply estimated at 18,50, as the Budget figure, 18,52, is admitted by the Conservators to provide for a higher scale of expenditure than is likely actually to be incurred. There is considerable expenditure at present upon Forest Settlement, but in both the Northern and the Southern Divisions this work is expected to be finished by 1888-89.

52 The establishments are divided over 36 Ranges and eight Divisions in the Southern, and over 105 Ranges and twelve Divisions in the Northern Conservancy Circle, but in neither of these Circles are there as many Ranges as there are Divisions.

53 The whole question of Forest revenue in Bombay is at present being examined by a special Commission of enquiry, so that it would be premature to express any opinion upon the matters which come under their cognisance. The questions of expenditure to a great extent hinge upon those of revenue, and as the Department shows a much larger increase of revenue than of expenditure, we are not prepared, without stronger grounds than our enquiries have disclosed, to propose any reductions in the scale of the latter. There are at present no new proposals for expenditure in the Department.

REGISTRATION

54 *Revenue* — The Provincial income has risen from 1,35 5 in 1881-82 to 1,37, 1,67, 1,87, 1,96, and 1,97 in 1886-87. The Copying fees recently reduced figures of the Budget may be accepted. The receipts could probably be increased, if that were made an object, but the Bombay Government have not attempted to do much more than cover the expenditure. We observe that by an order, which came into effect only on the 1st September 1886, the copying fee has been reduced from 2½ annas to 2 annas per folio, the

The Future Provincial Contract with Bombay

Registration

estimated loss of income by which is Rs15,000. We venture to think that in the face of the large reduction of expenditure, which was known to be imminent, such a step was hardly advisable. We have framed the Contract, therefore, on the supposition that in view of present circumstances the old rate will be reverted to.

55 *Expenditure*—On the expenditure side the Provincial share of the cost has risen from Rs1,185 in 1881-82 to Rs1,211, Rs1,411, Rs1,471 and Rs1,501, and in the Budget of 1886-87 stands at Rs1,471. The chief minor heads are the Inspector-General of Registration and the five Inspectors under him, the two Bombay Registrars, the clerks of the District Registrars, and the Sub-Registrars in the districts. We have some suggestions to make on each of these heads.

56 The Inspector-General of Registration and Stamps draws Rs2,000 per mensem, of which two-thirds are debitable to Registration and one-third to Stamps. In the last year, for which a report is printed, he inspected the offices of thirteen Registrars and of forty Sub-Registrars, and he also visited the offices of several Collectors, inspected the stock of stamps and examined files in the office to see that the stamps were properly cancelled. Sind is not under him. We cannot think that the work thus performed is at all commensurate with the cost of the office, and we understand that the Government of Bombay agrees with us that this post need not be retained. The work of the office might, we believe, be left to the Commissioners of Divisions, whose annual reports might be tabulated and combined in the Secretariat, or by the Collector of Bombay. Or, if it is thought advisable, the duty of inspecting Registration offices might be entrusted to the Inspector-General of Jails. The inspection duties of both offices are such as to take the two Inspectors-General to the same localities. The saving effected would be, under Registration Rs28,000, under Stamps Rs8,000, after allowing for a reasonable addition to the establishment of the officer to whom the duties may be assigned.

57 There are five Inspectors under the Inspector-General. Their rank corresponds to that of a Mamlatdar. Their salaries are Rs250, Rs200, Rs175, and two at Rs150. One of these has recently been appointed in Sind. One-third of their pay is debited to Stamps, and the other two-thirds to Registration. The four Inspectors who existed in 1883-84 inspected respectively the offices of 27, 29, 27, and 25 Sub-Registrars—an extremely small tale of work, and the chief work of inspection seems to have been done by the Collectors themselves, who visited 177 offices, and by Assistant and Deputy Collectors, who examined 37. We have had some doubts whether these Inspectors are really required, but if the abolition of the office of Inspector-General is carried out, it may be better not to remove the Inspectors also at the same time. We recommend however that, as the three Commissioners have advised us, the four Inspectors in Bombay proper be reduced to three, one for each Division. The reduction effected will be—

	Per mensem
	Rs
1 Inspector	150
1 Káikun (clerk)	30
Travelling allowance	115
	<hr/>
TOTAL	295

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Registration

58 In the City of Bombay there is a Special Registrar on R500, and a Joint Sub-Registrar on R300. They share between them a commission of ten per cent on the fees, provided it does not exceed R200 per mensem for each. The actual realisations from fees have been about R130 per mensem for each Registrar, besides which the senior officer receives about R50 per mensem in fees for registering Parsi marriages. Their office consists of 31 clerks and eight peons, costing R1,214 per mensem, and the total cost of the office including the fees and salaries of the Sub-Registrar last year was R26,473. The number of deeds registered is about 4,000 per annum or about fourteen per diem. We consider that the establishment is both overpaid and overmanned. In Poona about half as many documents are registered annually at a cost to the State of about R2,500 only, and though it may be admitted that the deeds registered in Bombay are more lengthy and difficult, we do not think the cost of registration there ought so greatly to exceed the cost in the Mofussil. We consider that the work should be performed by one officer, as Registrar and Special Sub-Registrar of Bombay City, who might receive R500 per mensem with five per cent of the fees (which would amount at the present average to R130 per mensem, and which should be limited to a maximum of R150), and that the establishment should be reduced so as not to exceed R10,000 per annum. There are a small number of appeals from the Joint Sub-Registrar, which are now heard by the Special Registrar (five were decided last year and twenty-nine have been filed within the current year), and the Collector of Bombay might be empowered to hear and decide them. The savings thus effected would be about R9,000, and we believe the reduction may safely be carried still further. There may be a loss of special registration fees, but the amount appears to be small.

59 Outside Bombay itself the Registrars are the Collectors of Districts, who have office establishments which consist generally of one clerk, one karkun and one peon costing R83 per mensem. In two districts the cost is R73. In those districts in which the Deccan Ryot Relief Act is in force, an extra clerk is employed at R20. In the Sind districts the scale is different, a clerk at R70 and a peon being the usual staff. The Personal Assistant to the Commissioner in Sind used to draw R200 as Branch Inspector of Registration, but that allowance has since been consolidated with his pay of R1,200. A head clerk on R150, a half-time clerk on R30 and two peons at R9 are, however, still kept up and charged to Registration, but for this we see no sufficient reason.

60 The Sub-Registrars are 217 in number, of whom eighteen are *ex-officio*

SUB REGISTRARS

Grade	Receipts from fees	Salary
1st	Over R200 per mensem	R 75
2nd	R100 to 200 "	50
3rd	" 50 to 100 "	35
4th	" 35 to 50 "	25
5th	" 25 to 35 "	20
6th	" 20 to 25 "	15
7th	Under 20 "	12

and 199 are Special Sub-Registrars, non-officials, who do no other work. There are seven grades, fixed according to the average fee receipts, the details are shown in the margin. All receive twenty per cent of the fees collected and pay for their own establishments. In Sind the Sub-Registrars have no fixed salary and get half the fees, they are mostly officials. Besides this, in the four Deccan Ryot districts, there are 172

Village Registrars who register documents at lower rates and charge no copying fees, they mostly receive R12 per mensem. Forty of the Special Sub-Registrars are also Taluka Village Registrars.

The Future Provincial Contract with Bombay

Refunds

Registrars, and receive Rs 25, 20, 15 or 12 in addition to their regular pay, with twenty per cent on their own fees and five per cent on those received by Village Registrars, for doing registration work of the same kind and for supervising the Village Registrars. The only remark we have to make on this system is that it seems to be a rather liberal one, and that the remuneration in many cases causes a loss to Government. In 1883-84 there were thirty, and in 1884-85 twenty-three, deficit offices, and we think that the Special Sub-Registrars might fairly have been told that Government

Deficit offices

would give them the full prescribed remuneration if they earned it, but could not give them more than they actually earned. We understand that the three Commissioners in their conference with us approved this suggestion, and that they consider that, if any Special Sub-Registrar should refuse the post on these conditions, the work can effectively be done, as used to be the case, by the Mamlatdar's first karkun. The loss on these deficit offices (which would be avoided by this rule) was Rs 1,969 in 1884-85, but the sum is a small one and we do not propose to take it into consideration in fixing the figures of the Provincial Contract.

61 The cost of "District Contingencies" has risen from 19.6 in 1882-83

Contingent expenditure

to 21.9 in 1884-85 and 35.7 in 1886-87. The cause is attributed chiefly to increased travelling on account of there being an additional Inspector, and to a large supply of record-books. We think the expenditure may well be kept down to the Revised Estimate of 1885-86, Rs 23,000.

62 Taking all these reductions into consideration, the expenditure under

Total reductions to be effected this head may be fixed for the future Contract at Rs 2,40,000 —

	R	R
Budget, 1886-87		2,93,000
Deduct—		
Inspector-General and office	28,000	
One Inspector and karkun	3,540	
Bombay office	9,000	
Contingencies	12,700	
		53,240
	TOTAL	2,39,760

REFUNDS.

63 The Land Revenue refunds were in 1880-81, 1.45, in 1881-82, 1.18, in

Land Revenue

1884-85, 1.16, and in 1885-86, 2.29. The figures of 1882-83 and 1883-84 are useless for comparison, as they include some special refunds made under the Secretary of State's orders. As we have used, for our estimate of the revenue, the actual realisations of the past years, we may take 1.52 as the corresponding amount of refunds, being the average of the years above shown.

64 The Budget Estimate for 1886-87 gives amounts under refunds of

Divided Heads

divided heads which are fairly accordant with past years, namely, Stamps 70, Excise 1.94, Forest 14, and Registration 4. The large Excise refunds arise out of the conventions with Native States for the management of their Excise revenues. For Assessed

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Assignments General Administration

Taxes we make no estimate, as the question of amount depends upon the settlement of the amount of the revenue

65 The Budget Estimate gives 10 for Provincial Rates, but we omit the amount for the reasons given under the revenue head (*vide* paragraph 12)

ASSIGNMENTS.

66. The greater part of the charge under this head is brought in by credit to Land Revenue, being 59,29 out of the 73,27 shown as revenue of alienated lands. The other amounts here charged are—

	1883-84	1884-85	1885-86 Proposed	1886-87, 1886-87
Inamdar	5,17	4,36	4,36	4,52
Payments to District officers	3, 1	3,21	3,19	3,19
Wakfshans and Devashans	3,12	3,36	3,31	3,44
Commutations	2	1	2	2
Compensations	5,93	3,63	3,70	3,57
Total	15,85	11,57	14,68	14,71

67 The Budget Estimates appear to be for the most part in excess of the actuals, as they represent the demand, which is not always fully worked up to. We may take, for the whole estimate, 11,71 + 59,29 or 71,00

GENERAL ADMINISTRATION

68 The actuals of the two last years have been (1883-86) 12,63 and (1884-85) 12,67. The estimate for 1886-87 is 12,58, which is probably a little too low. We deduct 30 (11 + 16) from 12,63 as explained in paragraphs 69 and 71, and fix the figure at 12,33

69 The cost of the movements of the Government between Bombay, Poona and Mahableshwar, has been treated of in a separate Note (a) and needs no further reference here, beyond the mention of the fact that we estimate the saving under this head at 11, for which we have taken credit in the preceding paragraph. Of this reduction, 5 is taken from the item "Tour expenses" in which provision is made for the Travelling and Hill allowances of the Staff of His Excellency the Governor

70 We find that the Secretariats of the Civil, Military and Public Works Departments are strongly manned and highly paid as compared with those of other Governments, and the cost is steadily rising, though not in the same proportion in which the work has

(a) *Vide* Volume II, Chapter XIII, Section C

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General Administration

increased in recent years. There seems to be reason to think that much of the correspondence, which now reaches the Secretariat, might be intercepted by the Commissioners of Divisions, and we understand that proposals for a re-arrangement of the work are now before the Government. We observe that there are highly paid Uneovenanted officers, called Assistant Secretaries (two in the Revenue, one in the Judicial, and one in the Military Department), who are practically in the position of Superintendents of the offices, and the necessity of whose appointments seems to us doubtful. We propose (a) to submit a separate Note to the Government of India comparing the cost and the distribution of work in the different Secretariats of the Local Governments, when we have completed our tour of inspection.

71 The Oriental Translator to Government holds a post which combines the duties of translating vernacular letters and petitions into English, and Acts, Bills and Rules into the vernacular, as well as those of a Native Aide-de-Camp at Darbars and State visits. He also has charge of the Toshakhana, and is *ex-officio* member of some Examination Committees. The pay of the office is Rs700 rising to Rs1,000, and he has four Translators and twenty clerks under him, the total expenditure being 40 or 41. The Government has already decided that in future the appointment should be held for five years only, and that the Toshakhana should be placed in charge of an Under-Secretary. We think that, considering the nature of the work, and the position of the Translator as compared with the class of Deputy Collectors, from whom he would ordinarily be selected, the pay of the post might be fixed at Rs500. An incremental salary does not seem to be required if the office is only to be held for a limited time.

72 The Commissioner in Sind receives the pay of a Chief Commissioner together with a permanent travelling allowance of Rs250. The Commissioner in Sind, but he has only five districts under him, one of which is little better than a desert. Politically important as Sind may be, we do not think the work or responsibility can be compared with that which devolves on a Chief Commissioner elsewhere, and we recommend that the post be reduced to the level of the three Commissionerships in Bombay proper. It appears that the semi-independence of Sind is a source of some administrative inconvenience, inasmuch as it is difficult to obtain information regarding it in matters concerning several Departments, such as Salt, Excise, Customs, Forests, Police, Jails, Education, Irrigation, Survey, and the proposal we make would probably result in its complete amalgamation with the rest of the Province, and in bringing about a more uniform procedure, though we do not propose that the Commissioner's power to dispose of local matters within his jurisdiction should be interfered with.

73 The establishment attached to the Commissioner seems also to need revision. He has a Head clerk (or Daftardar) on Rs300, and his establishment twelve English clerks at Rs995, six Vernacular clerks at Rs260, a Hospital Assistant at Rs60, and 34 servants in his office, the whole establishment costing Rs24,200 per annum, while the other three Commissioners have between them only 34 clerks and 60 servants costing Rs33,900 per annum, besides a Police establishment costing Rs7,200. If the Sind Commissionership is placed on the same basis as the rest, the establishment should probably not cost more than Rs11,000 or Rs12,000 a year.

(a) The Committee dissolved before this intention could be carried out.

The Future Provincial Contract with Bombay

Law and Justice, Courts

74 The three Commissioners of Divisions have each two Assistants of the Deputy Collector class, the total cost for the six being Assistants to Commissioners of Divisions Rs2,400. Formerly when there were only two Commissioners they had two Assistants each. When the third Commissionership was created in 1876, the Central and Southern Divisions were allotted one Assistant each, but in 1883 the number was raised to two. We do not find that any sufficient reason exists for giving them so much assistance. It is alleged that each Commissioner requires one Assistant to supervise his office while he is on tour, and one to accompany him on tour and advise him as to the character and claims for promotion of the native officials in the Division. No such provision exists in any other Commissionership in India, and we recommend that one Assistant be abolished in each Division. This will effect a saving of Rs16,200.

75 We observe that the provision for travelling allowances is Rs36,700 or over Rs12,000 a year for each Commissioner. We think Commissioners travelling expenses the Government of Bombay might consider whether by arranging that the Commissioners should travel with smaller establishments, or in any other way, this expenditure might not be reduced.

76 We have considered the question whether it is possible to go back to the original number of two Commissioners. The Government has expressed itself as decidedly opposed to any such recommendation, and we are not prepared to make it. If a Commissioner is to be a real active influence, the area of his Division must not be such as to make it impossible for him to travel over it in a year, and to become thoroughly acquainted with all its parts and thus we believe would be the case if all Guzerat, the Deccan and the Konkan were divided between two Commissioners.

LAW AND JUSTICE, COURTS

77 *Expenditure*—A separate report is being drawn up on the High Court (a) and the Law Officers of Government, pending orders on which we take the Budget figures.

78 The Presidency Magistrates are three in number. They draw Rs2,000, Rs1,200 and Rs1,000 a month respectively, and are mostly engaged in the decision of very petty cases. It is doubtless necessary to keep one experienced and highly paid officer for the more difficult work which arises, but we suggest that the other two might be officers of the Deputy Collector class receiving much lower salaries. The Chief Clerk of the Presidency Magistrates' Court receives a salary of Rs450 per mensem. This salary is a relic of an old system under which this officer was "Clerk to the Justices of the Peace," but it appears to us to be a much larger salary than is requisite with reference to his present duties. We understand that, even in Bombay, an officer of the necessary qualifications would be considered to be suitably remunerated if paid Rs200 per mensem, and we therefore suggest the reduction of the pay of the appointment of Chief Clerk to the Presidency Magistrates to that sum.

(a) *Vide* Volume II, Chapter V, Section A. The report on the Law Officers of Government had not been completed when the Committee dissolved.

The Future Provincial Contract with Bombay

Law and Justice, Jails

79 There are five Small Cause Court Judges in the Mofussil, two of whom receive R800, two R1,000, and one R1,200. They decide about 15,000 cases a year between them, and are not therefore heavily worked. We question whether it is necessary to provide any separate judicial staff for work of this kind, or, if it be necessary, whether their salaries should exceed those of Subordinate Judges, the highest class of whom are paid R800. The Government of Bombay have, however, stated that they desire to keep these posts as prizes for the Subordinate Judicial Staff.

80 The Cantonment Magistrates at Poona and Belgaum receive R1,000, at Disa and Ahmedabad R700 per mensem. The Aden post is nominally one of R700, but is attached to the Political Staff. We suggest that in the larger Cantonments, where a European Civil Officer is available, the Cantonment cases, in which Europeans are involved, should be tried by him, and the petty cases by a Deputy Collector, a staff salary of R100 being given to a military officer for the executive sanitary work of the Cantonment. This would effect a considerable economy. There does not appear to be any European officer available at Belgaum, but at Poona the City Magistrate could do the work, and at Ahmedabad a Deputy Collector has been till recently officiating in the post. At several small stations, and even at so large a place as Karachi, the work is done by an officer of the garrison for a staff salary of R100, and this plan might perhaps be applied to Ahmedabad or Belgaum.

81 If the above suggestions are accepted, some reduction will be possible. Meanwhile we adhere to the figure shown as the actual expenditure of 1885-86, 44,79.

82 *Receipts*—These are taken at the same figure as in the Budget of 1886-87.

LAW AND JUSTICE, JAILS

83 *Expenditure*—The only recommendation we have to make here is that the five small jails at Ahmednagar, Satana, Sholapur, Belgaum and Godhna should be abolished, and to this the Inspector-General of Jails agrees. The Government has already carried out considerable reductions in this direction.

84 The Revised Estimate of 1885-86 was 6,30, and the reduction of the five jails would lower the expenditure to 6,10. It is necessary in the case of jails to allow a margin, so as to provide for the increased cost of supplies in years of scarcity, but we find that though the cost (a) of jails has been continually decreasing of late years, the decrease has not been in the cost of rations, which has been very steady, but is mainly due to the reduction of small jails. We think it safe, therefore, to accept the figure of last year, 6,13. The saving effected by the abolition of the five small jails will go to meet the possible increase in the cost of supplies during times of scarcity.

85 *Receipts*—The jail receipts have been decreasing, through difficulty in employing the prisoners on remunerative work—a difficulty which has been for the most part removed by the recent orders of the Government of India. We take the average of the last two years and fix the figure at 2,35.

Future expenditure taken
at the rate of 1885-86

(a) 1882-83	7,14
1883-84	6,71
1884-85	6,51
1885-86	6,13

1882-83	3,56
1883-84	3,02
1884-85	2,47
1885-86	2,23

The Future Provincial Contract with Bombay

Police

POLICE

Past statistics

86 The following are the details under this head —

	Actual, 1884-85	Actual, 1885-86	Budget, 1886-87	Committee's Estimate
EXPENDITURE				
Presidency Police	4,00	} 5,05	{ 4,97	4,77
Dockyard and Harbour Police	51			52
Superintendence	19	41	45	45
District Force	34,71	34,29	36,48	35,00
Village Police	7,94	8,18	8,17	8,12
Railway Police	53	43	83	50
Collection of pound fines		50	85	85
Refunds		1	1	1
TOTAL	47,88	49,20	52,28	50,22
RECEIPTS				
Railways	23	21	25	25
Municipalities, &c	3,18	3,13	3,08	3,03
Excise Police	...	32	71	71
Private persons, &c	11	43	76	76
Village Police	13	15	13	13
Arms Act	1	0	1	1
Fees, Fines, &c	3	1,97	1,91	1,91
Superannuations	5	6	8	8
Miscellaneous	98	1,03	1,00	1,33
TOTAL	4,75	7,30	7,93	8,26

87 *Expenditure*—The division of the cost of the Bombay City Police between General and Municipal Taxation has long been a subject of controversy in Bombay. In the years preceding 1871 the Government paid a quarter of the charges for town police (Rs99,625), but in 1871 this contribution was suspended. At the instance of the Government of India, a contribution of Rs90,000 was paid, from 1875-76, though the Government declared it was under no obligation, legal or otherwise, to continue the payment. From May 1st, 1883, an arrangement was made as follows: The total cost being reckoned at Rs3,61,749, the Municipality would pay the Government Rs2,71,749 and Government would pay the Police charges, thus involving an excess charge of Rs90,000.

88 It was further intended that the Municipality should be relieved of these Police charges (according to the then declared policy) and that it should take over, in return, certain Provincial charges which are not yet settled. It has as yet taken over from Government only two small charges of Rs8,000 (Albert Museum) and Rs1,900 (Queen's Statue). The Municipality contributes little or nothing (besides a grant of Rs36,000 to the Gokuldass Tejpal Hospital) towards the large hospital and educational expenditure of Government in Bombay.

The Future Provincial Contract with Bombay

Police

Increase in cost of Police

89. Meantime, the cost of the Presidency Police has risen as follows —

	Revised, 1885-86	Budget, 1886-87.
Total charges	4,46	4,97
Less police supplied to private Companies, the cost of which is recovered, and guards for Government buildings	35	71
	4,11	4,26
Deduct clothing recoveries credited as Miscellaneous receipts	11	11
Net cost	4,00	4,15

90. Thus the Budget figure makes an addition of about Rs4,000 to the scale of May 1st, 1883, which is due partly (say about 34) to increase made to the establishment in 1885, but partly (say about 20) to over-estimating

91 The Government, therefore, according to the Estimate of 1886-87, has to meet a charge of 4,15, with a contribution of 2,71, less 12, a deduction admitted by the Government of Bombay, for the rent of certain Municipal buildings occupied by the Police, that is, the Government has to bear a net charge of 1,56 against its original undertaking to pay 90 only. Even allowing that the Budget Estimates are overstated by 20, which appears not unlikely, the excess payment by Government is 16. Of this we can account for about 20 owing to additions made to the force in 1881 and 1886, and 12 owing to the acceptance of the house-rent charge above alluded to (a). The remaining 14 we cannot follow.

92 In any case the Government of Bombay, according to the existing law and according to its declared views, is not fairly chargeable with any increase in the net cost of the force over Rs90,000, and we consider it should take steps to arrange for the payment of all further charges out of Municipal taxation. We assume that it cannot do so immediately, and that it will have to bear the extra cost for the present, but we may apparently make the deduction of 20 on account of over-estimate in the Budget

93 We should remark that the Government has, in a reply given to our enquiries, stated the net cost borne by it, in the five years 1881-82 to 1885-86, at 91, 97, 1,38, 1,23 and 86, but these figures are not reconcilable with the published accounts and estimates on which our calculations are based

94 Before leaving the subject of the City Police we should note that a considerable amount of expenditure seems to be in view, both with reference to housing the Police and in order to supplying them with hospital accommodation, either special or in the existing Presidency hospitals. But we are of opinion that such expenditure should not be considered entirely chargeable against the Provincial Government, as it does not appear to have been contemplated at the time when the Municipal contribution was fixed at 2,71

(a) The Municipality, after agreeing to pay 2,71 on the ground that the cost of the Police was 3,61 and that they should pay all but 90 of it, deducted 12 from the 2,71, on the allegation that it was due to them as rent for buildings occupied by the Police. The transaction seems open to some question, as apparently, if this 12 was to be immediately brought as a charge against the Police in addition to the 3,61, the Municipal contribution should have stood at 2,83, viz., 3,73—90

The Futuro Provincial Contract with Bombay

Police

Dockyard and Harbour Police 95 We take these at the figures of the estimates, namely, 18 and 34

96 The office of Inspector-General of Police has been in existence only since the beginning of 1885, before which time the work was done by the Commissioners of Divisions, each for his own Division. The Inspector-General has taken over from the Commissioners only a limited portion of their duties, and is, in fact, little more than an Adjutant and Quartermaster for the Police force. We are of opinion that for functions so limited the present scale of pay (Rs. 1,800 per mensem) is too high, and that the Government of Bombay should either reduce the pay attached to the existing appointment, or should make the Inspector-General accept the duties and responsibilities exercised by Inspectors-General in other Provinces. In this last case the relief to Commissioners would be considerable, and would enable them with ease to intercept a large portion of the work which now reaches the Secretariat, and may make some reductions possible in that quarter. We, however, make no alteration in the existing estimate of the expenditure under this head.

97 The cost of the District Force in the three years, 1883-84, 1884-85 and 1885-86, has been 32,98, 31,71 and 31,29. The estimate for 1886-87 goes up to 36,18. The figures will be somewhat more easily compared with each other as follows:—

	1883-84	1884-85	1885-86 Revised	1886-87, Budget
Clothing and Accoutrements	1,58	2,78	2 00	3,26
Excise Police (a)			29	71
Other charges	31,10	31,93	32,16	32,51
Total	32,98	31,71	31,45	36,18

(a) Assumed to be equal to the receipts

98 The increase under the first head appears to be due to mere over-estimating,—that is, there is no particular intention of spending more than usual in 1886-87. The amount shown under the second head is due to the fact that certain charges and corresponding receipts were, in November 1885, transferred from Excise to Police (*vide* paragraph 40) and it does not represent any real increase of expenditure.

The increase under the third head is in all probability merely a margin allowed in estimating, and it is likely that the actual expenditure will be much less. There have been none but very small increases, for some time past, in the establishment of the Police, and the Accountant-General gives us the following figures as the cost of the several grades of the Police up to the time of the addition of the Excise Police:—

	Inspectors	Chief Constables	Head Constables	Constables
1881-82	97	1,95	1,13	12,73
1884-85	1,00	2,01	4,20	13,26

Pending the revised estimates, we may put 35,00 as the probable actual cost

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Police

99 The number of District Superintendents is twenty-two and of Assistant District Superintendents, five, most or all of the latter having specific charges, and not being merely assistants to their District Superintendents. A staff of Probationers is kept, from whom vacancies in the regular staff may be filled. The sanctioned number of these is ten, but both the Commissioners and the Inspector-General consider that this is more than is necessary, or even advisable, because with the present number a Probationer has to wait some seven years for a permanent appointment. The Commissioners and Inspector-General in conference with us agreed that the number might be reduced to six.

100 We observe that the pay of District Superintendents and Assistant District Superintendents is higher than in any other Province except Madras, and we think it right to recommend a reduction. In dealing with the Madras and Bengal Police, we have been led to propose a re-grading of the Officers so as to remove certain anomalies and bring the average pay nearly to a common level. The following table shows the recommendations we have made with this object, and that the Bombay officers, if their present rates of pay were unaltered, would be much in excess of the average —

	Madras	Bombay	Bengal and Assam	North Western Provinces	Punjab	Central Provinces	Proposed new grading for Madras	Proposed new grading for Bengal and Assam
	R	R	R	R	R	R	R	R
District Superintendents of Police	1st grade 2 @ 1,000	3 @ 1,000	7 @ 1,000	4 @ 800	4 @ 1,000	2 @ 1,000	2 @ 1,000	4 @ 1,000
	2nd " 7 @ 800	5 @ 800	7 @ 800	10 @ 700	6 @ 800	2 @ 800	4 @ 800	6 @ 800
	3rd " 12 @ 700	7 @ 700	12 @ 700	10 @ 600	11 @ 600	3 @ 700	6 @ 650	10 @ 700
	4th " 4 @ 600	4 @ 600	11 @ 600	10 @ 500	12 @ 500	5 @ 600	9 @ 500	13 @ 600
	5th " 6 @ 500	6 @ 500	13 @ 500	12 @ 400		6 @ 500		16 @ 500
Average pay	21 @ 760	25 @ 692	50 @ 683	46 @ 585	33 @ 646	18 @ 650	21 @ 646	49 @ 645
Assistant District Superintendents	1 @ 600	2 @ 500	10 @ 400	4 @ 300	4 @ 450	2 @ 300	5 @ 400	10 @ 400
	10 @ 500	3 @ 400	15 @ 300	4 @ 250	2 @ 400			
	2 @ 200				6 @ 350	9 @ 250	6 @ 300	12 @ 300
	10 @ 150	10 @ 200	5 @ 250		2 @ 300			
	2 @ 100		18 @ 200		8 @ 250		9 @ 250	16 @ 250
Average pay	31 @ 350	15 @ 313	54 @ 202	8 @ 275	24 @ 321	11 @ 250	32 @ 264	36 @ 305

N.B.—The scale here shown for the North Western Provinces is not that actually in force but is the sanctioned scale which is being gradually introduced.

We suggest that the Police in the Bombay Presidency be re-graded on similar principles, in the following manner —

DISTRICT SUPERINTENDENTS		ASSISTANT SUPERINTENDENTS	
Present grades	Proposed new grades	Present grades	Proposed new grades
R	R	R	R
3 @ 1,000	2 @ 1,000		
5 @ 800	4 @ 800	2 @ 500	2 @ 400
7 @ 700	5 @ 700	3 @ 400	3 @ 300
4 @ 600	6 @ 600	10 @ 250	6 @ 250
6 @ 500	8 @ 500		
Average	25 @ 692	Average	15 @ 313
			11 @ 291

The saving thus effected would amount to Rs. 2,500 a month or Rs. 30,000 per annum, and it would place the Police Officers in Bombay on a level, as regards pay and prospects, with those of the rest of India. The saving could only be gradual, as the new scale of pay would be introduced by degrees.

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Police

101. We have been struck with the smallness of the extent to which Municipal contributions in Municipalities in Bombay proper contribute towards the cost of the Police. Before 1884, the only Municipality in Bombay proper which paid any part of the cost of its Police was Poona, which paid only Rs5,000. This, therefore, is the only item to which can be applied the policy of Act II of 1884 for relieving Municipalities of their liability for contributing to Police, and for substituting Educational and Medical liabilities.

102 In Sind, on the other hand, many of the Municipalities paid the whole cost of their Police, and none were altogether exempt. The payments were as follows —

	R
Karachi	25,306
Hyderabad	9,719
Sukkur	5,684
Jacobabad	3,766
Shikarpur	3,520
30 Minor Municipalities	14,487
TOTAL	62,482

Then present contributions are Rs42,441, and this amount, added to Aden, Rs10,524, and the Bombay City contribution of Rs2,42,452 (net), makes up the total of Rs2,95,000 estimated for under this head of receipts.

103 The figures which appear under the head of Railway Police Expenditure are as follow —

IMPERIAL	
Police force, excluding superintendence—	R
Rajputana-Malwa Railway	9,200
North-Western Railway	23,800
TOTAL	33,000

This amount,—which is stated in the Budget Estimate at Rs35,000,—is paid direct by Government. The Bombay Government appear to have overlooked the fact that seventy per cent of the first of these charges is recoverable from the Bombay-Baroda Railway Company.

PROVINCIAL	
Expenditure	R
Receipts	83,000
	25,000

According to the information given us, the Government pays the cost of Superintendence. The Railway Companies then repay to Government the amount thus spent upon Superintendence, and as they pay, directly, all the other charges, the whole charges thus pass upon the railway accounts. The Company then presents a bill to Government for thirty per cent of the whole charges thus met. Apparently, therefore, the figures on the Government accounts stand thus —

EXPENDITURE—		R
(a) Original charges of Superintendence		25,000
(b) Payment to Railway Company of 30 per cent of the whole charges		58,000
TOTAL		83,000
RECEIPTS—		
Recovery of charge (a) above		25,000

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Police

104 The charges against this head have, however, been as follows —

	Budget Estimate	Revised Estimate	Actuals
	R	R	R
1884-85	92,000	81,000	53,042
1885-86	83,000	1,08,000	43,368
1886-87 (Budget)	83,000		

So that it would seem sufficient to allow Rs50,000

105 The charges on account of Village Police, other than the 4,82 paid by assignment of lands, come to Rs3,35,000 The recent actuals have been—

	R
1883 84	3,43,504
1884-85	3,11,491
1885-86	3,25,396
1886 87 (Budget)	3,35,000

No reason has been given why we should expect a higher charge in 1886-87 than in the two preceding years. It is explained that the details of the payments are subject to fluctuation, but the fluctuation appears to be as much in one direction as another. We note that the Budget Estimates of 1884-85 and 1885-86 were both drawn up on a high scale, which the actuals failed to reach, and we are therefore in all probability making ample provision in taking as our standard 5 less than the estimate of 1886-87.

106 By a recent administrative change the pounds have been taken over from Local management, and then receipts and charges, instead of going directly to Local, are taken in the Provincial account. The income appears to be 1,87 (namely, the 1,91 shown in the Estimates of 1886-87, less 4 shown in those of 1885-86), and the expenditure is stated at 85. The net income therefore is 1,02 and is paid over to the Local bodies, it will be found to be provided for under Contributions.

107 Receipts—The only remark we have to make under Receipts is with reference to the estimate under Miscellaneous. This amount contains—

	R
Clothing recoveries—	
District Police	77,387
Presidency Police	10,600
Other receipts	12,013
TOTAL	1,00,000

The rule about clothing recoveries is that from each man's pay a maximum of nine annas per mensem may be deducted, but District Superintendents have the power to lower it, and exercise their power in such a way that in some districts the deduction is only three annas, and the Provincial Government recorded, in a Resolution, dated 14th June 1884, that the average deduction came to $4\frac{1}{2}$ annas per head. We recommend that discretion should not be left to District Superintendents, and that relaxation of the rule should

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Marine Education

be admitted only after consideration and orders by Government, and possibly only in the case of the lowest grade of constables who receive Rs 7 per month, we estimate that in this case we might reasonably expect a recovery of 1,10 instead of 77 only

MARINE

108. *Expenditure* —The expenditure may be classed under three heads —

	Rs
1 The <i>Jhelum</i> and flat <i>Multan</i> (about)	30,000
2 The tug <i>Manora</i> and three pilot brigs, Karachi (about)	27,000
3 Miscellaneous	23,000

109 The *Jhelum* and *Multan* are mainly provided for the use of the Commissioner in Sind The *Jhelum* is a river boat Steamers on the Indus, It is stated that she was under weigh thirty one days in 1884-85 and twenty-five in 1885-86, and that she is used to carry the Commissioner to inspect beacons at the mouth of the Indus, to enable Irrigation officers to inspect embankments on the Indus, and occasionally for military purposes, to convey troops when the railway is breached or to places which the railway does not reach We do not think these objects afford a sufficient justification for the expense incurred The steamer was useful before the railway was opened, but it is now obsolete and should be given up and sold If any emergency should occur requiring the use of a steamer, the Government could employ the steamers of the State Railway We observe that these two vessels were Provincialised in 1883-84, a sum of Rs 50,000 having been made over to meet their charges The actual average expenditure since then has been Rs 29,133 The tug *Manora* (of which half the cost, Rs 9,000, is already paid for by the Harbour Board), and the Pilot brigs, will be made over to the Port Trust as soon as it is constituted (which will, as we understand, be before 1st April next), and will cease to be a charge on Provincial revenue The pilotage receipts will also cease to be credited to this head The miscellaneous charges comprise the life-boat at Alibag (Rs 1,300), the cost of maintaining the Shipping Master's office in Bombay (Rs 19,000), the corresponding charge at Aden (Rs 1,200), where the Port Officer does the work, and Marine Courts of Enquiry Bombay, Rs 1,800 We do not propose to alter this item

110 *Receipts* —Budget, 1886-87, Rs 54,000, actuals of 1885-86, Rs 55,740 These are mainly on account of fees on the shipping and discharging of sailors, realised in the Shipping Master's office and amounting to about Rs 47,800 Of the balance, about Rs 4,000 arises from pilotage fees in Karachi Harbour

Future estimates 111 Accordingly we fix the Marine Department figures for the Provincial Contract thus —

Receipts	50
Expenditure	23

EDUCATION

112 *Expenditure* —On the expenditure side the Budget of 1886-87 shows an increase of $4\frac{1}{2}$ lakhs over the actuals of 1884-85, and of $3\frac{1}{2}$ lakhs over the actuals of 1885-86. Some Expenditure increased

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Education

part of this is due to an over-estimate made to provide against emergencies or unforeseen calls The Budget may be divided thus —

	1884 85	1885 86	1886 87
(1) Direction, Inspection, Government Colleges and Schools (excluding special grant for Technical Instruction)	9,82	9,75	10,30
(2) Technical Instruction, Grants in-aid, Scholarships, and Miscellaneous	2,22	3,57	6,27
TOTAL	16,57	13,32	12,04

Increase under Direction, Inspection, and Government Colleges and Schools

113 The chief causes of increase in head (1), as compared with 1885-86, are these —

	R
(a) Director's salary (He was absent on furlough in 1885-86)	5,000
(b) Inspector in Sind—to be raised from R250 to R500	3,000
(c) Government Colleges (General)—	
Karachi	10,000
Ahmedabad (increase from R6,000 to R10,000)	4,000
Male Training Colleges	4,000
(d) Government Colleges (Special) Special grant for workshop establishments	3,600
(e) Government Schools (General) Increase of masters when fees have increased	5,000
(f) Government Schools (Special) Increase of stipends, and new practising schools	11,000

114 On these we have the following remarks to make Item (a) must be accepted Item (b) will not be wanted if the officer appointed is a Native, as is ordered Item (c)—The Ahmedabad College appears to have existed hitherto without the increase, and the Karachi College has not been started, and we think that in the present financial difficulties, and in view of the opinion expressed by the Government of India that extensions of State support should be mainly devoted to primary education, provision should only be made for such a new charge by a corresponding reduction elsewhere As to items (d), (e) and (f) nothing has been said to show that any special reason for the increase exists Such grants have a natural tendency to grow as long as a Province is in affluent circumstances, but they afford a natural scope for retrenchment when necessity arises The Training Colleges in item (c) have (we were told) been started and can hardly now be closed We admit this item therefore and also item (a), amounting together to an increase of R9,000 On the other hand, the Government has reduced the University grant from R27,000 to R15,000 We consider that the object should be kept in view of making the University self-supporting, like those of Madras and Calcutta, and that the Government should not make any grant unless it finds, on scrutiny of the financial position of the University, that it is really required Omitting this possible reduction, we think the expenditure under this first main head may be fixed at R9,75,000

Increase under Technical Instruction, Grants in aid, Scholarships, and Miscellaneous

115 The second head contains a large number of items which must be discussed separately —

- (a) A new grant of R50,000 for Technical Instruction, of which as yet only R11,500 have been allotted, R10,000 to rewards for drawing and R1,500 for instruction in carpentry at Ratnagiri The rewards are to be

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Education

given under a set of rules issued in July 1886 in the Educational Department and not yet approved in the Financial Department. We are informed, however, that this is not entirely a new grant, but that rewards of this class have long been given, though the present Budget estimates for an increase. We question whether if the Bombay Government, in the face of an impending financial enquiry and in the knowledge that its income must be reduced, chooses to burden itself with a novel expenditure of this kind, however useful such expenditure may be, it ought to look to the Government of India to enable it to make provision for such expenditure. We think this entire grant ought to be retrenched, except the small item of Rs1,500 for Ratnagiri.

- (b) Allowances to Educational Institutions, Rs52,000. These are fixed grants not dependent on results, and the amount is a very large increase over previous figures, but as it has been promised, we think it cannot now be reduced.

- (c) Grants for European and Eurasian children, Rs22,000, against Rs6,500 in 1885-86 and Rs3,274 in 1884-85. The Education of European and Eurasian children. The Director of Public Instruction explains that Rs11,000 are allotted to the support and education of orphan and poor children, and that the expenditure on this head, though it has never yet reached this figure, is gradually increasing. Rs11,000 is allotted for apprenticing European and Eurasian boys, but only one apprentice has been found. We adopt Rs11,000 as the figure here.

- (d) Grants to Municipal primary schools, Rs140,000, against Rs7,000 in 1885-86. This is a new grant. The Act of 1884 having stopped the contributions of Local Funds towards the maintenance of Municipal schools, they have been made over to the Municipalities, and the Government has undertaken to pay one-third of the cost for five years. This undertaking cannot be broken, but of the total sum, Rs12,000 are provided, we are informed, for new schools in the current year, and we think the grant must be retained at the rate which suffices for the schools which were in existence when the promise was originally made, or at about Rs1,28,000. We observe from some figures obtained by us that the arrangement made with the Municipalities is even more liberal than at first appears, inasmuch as they are allowed to keep the whole of the fees, and their net contributions are thus considerably less than double the Government grant.

- (e) Grants for payment by results, Rs1,78, against Rs1,35 in 1885-86. This increase is due to more liberal Grant-in-aid Rules, but these can, and probably will, be revised, and the provision may perhaps be fixed at Rs1,50.

- (f) Building grants have risen rapidly, from Rs12,651 in 1884-85 to Rs1,18 in 1885-86, and Rs1,25 are provided for 1886-87. This is a grant which can be

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severely retrenched without any material loss of efficiency, and we advise that it be fixed at Rs30,000

- (g) The Budget provision for Scholarships is Rs38,000 • The last year's actuals were Rs31,000, and we cannot assume a higher figure

Scholarships

- (h) We find in the Budget a charge of Rs12,700 for translation, and we are informed that four translators are employed, one for each Vernacular, at salaries of Rs200. Their principal task is to criticize and approve works offered to be used as school books. In the last year for which the Report is printed, the Maráthi Translator disposed of 36 such works, the Gujaráti Translator of 27, the Kanarese of nine, and the Sindhi Translator of "a few." They also did a little revision and a little translation themselves. We think that the utility of this work is hardly commensurate with the expense, and that the work might be done by Native Inspectors and Deputy Inspectors in addition to their ordinary work, or for a slightly increased remuneration, if arrangements cannot be made, as is the case elsewhere, for getting it done gratuitously by the assistance of educated Natives. We reduce the grant under this sub-head, which with grants for the encouragement of literature, &c, is placed at Rs16,000, to Rs5,000.

116 The total of these heads, and of two small grants of Rs2,400 and Rs3,600 which we do not propose to touch, comes to Rs4,14,500, to which adding the 9,75 from paragraph 114, we get Rs13,90,000 as the total expenditure on Education to be provided for in the Contract. This, though considerably less than the Budget provision for 1886-87, is a larger sum than was spent in 1885-86, and far larger than the expenditure of any previous year, and our proposal must, therefore, be looked on more as a check to growth than as a reduction in expenditure. If it be argued that the Provincial Government has given pledges for larger expenditure on grants-in-aid and technical education, and that these pledges must be provided for, we think it may be urged on that Government that the cost of such provision ought not to fall on the general tax-payer, but should be met either by reductions elsewhere or by the levy of an additional cess on the people who will profit by the expenditure.

117 It must also be noted that besides the expenditure hitherto treated of, large grants are made to Local Funds for educational purposes which are debited under the head of Contributions from Provincial to Local. The figures for the period covered by the Contract are shown below —

	As reckoned in the Contract	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
Grants to schools	2,16	2,11 1	2,24 6	2,21 4	2,22 9	3,23 9
„ for school buildings	4	14	18 4	24 2	20	20

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118 The amount of the Estimate in the existing year is largely in excess of previous grants, and as Local Funds have been relieved of educational expenditure to the extent of about 1,20 (in connection with Municipal schools), they are in a position to increase their educational expenditure to the extent of 1,20, without obtaining any further grants from Provincial Funds. We therefore assume that in the future Contract the Provincial contribution can be reduced to the figure at which it stood in the beginning of 1882, or 2,20.

119 We may further suggest two sources of possible reduction. There are now five Inspectors of Divisions, of whom three are English and two are Natives, one of whom is permanent and one officiating. We have questioned whether all of these should not be Natives, but it is urged that for the work of Bombay, and for the inspection of European and Railway schools in the Mofussil, two of the staff should continue to be English. If this view is adopted, there will be a slight reduction of expenditure through employing a third Native at two-thirds salary.

120 The second suggestion is that the Ahmedabad College should be turned into an Aided College, and that at Bombay and Poona, where influential bodies exist who are capable of dealing with education, the Government should gradually withdraw altogether its Arts Colleges and High Schools, or should continue them on the aided system. The Director of Public Instruction considers that, as far as educational efficiency is concerned, this may be done, though the political effect of such a transfer has to be considered by the Government, but he urges that the saving will not be very large, as the fees paid are considerable, and the grant-in-aid (if Government continued to give one) could hardly be much less than what it now

	Net cost to Government R	Suggested grants R	pays for maintaining the Colleges and Schools as Government Institutions. We estimate the saving, if these Schools and Colleges are liberally assisted, but no longer entirely supported by Government, at R37,000,— <i>vide</i> margin
Ahmedabad College	10,000	6,000	
Deccan College	35,860	12,000	
Poona High School	8,873	4,000	
Elphinstone High School	9,432	5,000	
	<u>64,165</u>	<u>27,000</u>	

121 *Receipts*—On the receipt side the Estimate for 1886-87 is low, no provision having been made for the raising of rates of fees or for increase in the number of pupils. The monthly rates levied are at Colleges,—R10 in Bombay itself, and R5 elsewhere, at High Schools, R3 to 4 in Bombay and R1 to a maximum of R3 in six, and R2 in twelve, mofussil schools, in First Grade Anglo-Vernacular Schools, generally speaking, from R1 to R1-8.

122 These rates are in many cases of long standing, and the Director of Public Instruction informs us that it is in contemplation to raise them. Compared with some other Provinces the rates at High Schools appear to us low. At Arts Colleges the fees are about a quarter of the expenditure, at the Law and Engineering Colleges about one-sixth, at High and Secondary Schools they amount to R18 per head, against a total expenditure of R32 per head. We think that if no change in the constitution of the schools takes place, and if the fees are raised, as should be done, the receipt figures may be fixed for the Contract at R3,00,000.

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123 *Expenditure*—The charges under Medical are —.

	Actuals, 1883 84	Actuals, 1884 85	Actuals, 1885 86	Budget, 1886 87	Committee's Estimate
Medical Establishment	2,68	2,84	2,63	2,80	2,80
Sanitation and Vaccination	1,58	1,69	1,84	1,96	1,78
Hospitals and Dis- pensaries	2,85	3,03	2,98	} 5,50	{ 3,21 2,08
(a) { Presidency Mofussil	2,19	2,22	2,27		
Grants for medical purposes	96	78	85	1,00	85
Medical College	59	65	64	55	55
Lunatic Asylums	98	1,20	1,12	1,25	96
Lock Hospital	25	22	23	23	23
Chemical Examiner	22	20	22	24	24
TOTAL	12,30	12,88	12,78	13,53	12,70

(a) About 1,20 or 1,30 of this is for the "Medical Establishment" of the Grant College and Jamsctji Hospital

124 The first charge under the head of Medical Establishment is for the Medical Establishment Surgeon-General and his Secretary In our enquiries Surgeon General addressed to the Government of Bombay, we called in question the necessity of a Secretary, and we are not satisfied that the work which he does might not easily, so far as it is not purely clerical, be done by the Surgeon-General We propose, however, to entrust to the Surgeon-General the duties of the existing Sanitary Commissioner, and we think that, if this proposal is carried into effect, it might be premature to abolish the Secretary

125 The Medical Staff at Bombay is mainly charged under the head of Hospitals and Dispensaries, only two officers being Professors of Medical College charged to "Medical Establishment" It is composed, first, of nine Professors (of whom one is Principal) at the Grant Medical College These gentlemen have all secondary duties as follows —

- 6 are Surgeons or Physicians to the Jamsctji Hospital
- 1 is Presidency Surgeon, first district,—that is, Malabar Hill
- 1 is Chemical Examiner to Government
- 1 is in charge of the Gokuldas Tejpal Hospital

Other Officers 126 Besides the Professional staff there are—

The two Presidency Surgeons of the second and third districts
The Physician and the Assistant Physician of the European General Hospital where there is a daily average of 76 in-patients and of ten out

127 As regards the Professorships, the duties involve, we were informed, about four hours a day of work during the Session, Professorships between lecturing, preparing for lecturing, attendance at Hospital, and clinical instruction The Hospital contains about 390 in-patients, who are distributed among the medical officers in attendance The number of students is nearly 300, and the staff of the College has grown from time to time as the number of students has increased.

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128 We made enquiries as to the possibility of any reduction in this staff. The number of Professorships depends on the standard of education to be provided at the Medical College, which appears not to be under the control of the Government. It is determined by conditions laid down by the Medical Council in England and, unless it is maintained, the lectures do not qualify for diplomas in English Institutions.

129 The attachment to any of the Professorships of the duties of the second and third districts does not appear to be a feasible measure. The first district, Malabar Hill, is a light one, and is so attached, but the other two, Colaba, and Byculla and Mazagon, involve such considerable distances, that a Professor who has duties at the College and the Jambsetji Hospital is not practically available for their medical charge.

130 The twenty-five Surgeons-Major and Surgeons shown in the estimates are thus made up—

Second and Third districts, Bombay	2
Eighteen districts, except Colaba and Sholapur	16
Three Sind districts	3
Sukkur, Mahabeshwar, Matheran	3
Assistant at Poona	1
	—
	25
	—

131 It is laid down that six of the districts shall be provided with Uncovenanted Medical Officers, but there is only one of these six, namely, Sholapur, which is not provided with a Commissioned Medical Officer. It will be an obvious economy, as vacancies occur, to fill them up with Uncovenanted instead of with Commissioned Officers, and to post them to the five districts designated to receive them.

132 We think that the Government of Bombay should consider the necessity of maintaining the following appointments, or at least of requiring a Commissioned Medical Officer for them —

- (1) The Surgeon at Matheran. It seems to us that Government could provide much more cheaply for the medical services at this station, which are for the most part not of a kind which the Government is bound to provide. The Surgeon is also in civil charge of the station, but his work in this respect is not of a higher character than is performed by subordinate revenue officials elsewhere. The same remark applies to Mahabeshwar also, provided a temporary Civil Surgeon can be deputed there during the three or four months when Government make it their head-quarters.
- (2) The Assistant Civil Surgeon at Poona. This office is only of recent creation. We do not doubt that the work would be heavy for the Civil Surgeon if he had no assistance, but it does not occupy the whole of his time, and is not necessarily heavier than at some other large civil stations, and we hold that where a Civil Surgeon, by reason of his lucrative private practice, is unable to perform the whole of his regular official work, he should himself pay for the assistance he requires.

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133 Besides the Civil Surgeons there are three Apothecaries in charge of Apothecaries at Sholapur, Sholapur, Dápuh, and Kotri. It appears doubtful if the Dápuh, and Kotri latter is longer required, as the importance of Kotri is now much diminished. Possibly the same remark applies to Dápuh.

134 We have reckoned the cost of the services classified under the head of Total cost under this Sub-head. Establishment at the Budget figure 2,80, though it would appear that the Budget reckoning is made at full rates, and for the most part a saving is made in the end.

Sanitation and Vaccination
Administrative division of
Presidency

135 For sanitary purposes (including Vaccination) the Presidency is divided into six Circles —

CIRCLE	Deputy Sanitary Commissioners	Superintendents	Assistant Superintendents	Inspectors
Western	1			6
Central	1			6
Southern	1			4
Eastern Guzerat	1			5
Western Guzerat		1	2	
Sind	1			6
	5	1	2	27

The Western Guzerat district differs from the others in this respect, that provision is not made in it for sanitary work proper, it is, therefore, provided only with a Superintendent and two Assistant Superintendents of Vaccination.

The work and cost of the
Department

136 The work of the Department is mainly—

- (1) Registration of Vital Statistics,
- (2) Vaccination,
- (3) Sanitary Inspection of Villages, &c,

and its cost to Provincial Revenues was 1,69 in 1884-85 and 1,84 in 1885-86.

Provision necessary

The estimate for 1886-87 is the same as that for 1885-86, viz, 1,96, but there does not appear to be any really increased scale of expenditure, and 1,84 would seem to be sufficient to allow

137 We have made the suggestion for other Provinces, and we find no

The appointments of Surgeon General and of Sanitary Commissioner to be amalgamated

difficulty in respect of it in Bombay, that the appointments of Surgeon-General and of Sanitary Commissioner ought to be amalgamated. We are informed both by the Surgeon-General and by the Sanitary Commissioner that, so far as concerns the amount of work that has to be done by the heads of these Departments, there is no reason why one officer should not suffice for both. They both say that the only difficulty would be that of finding an officer, who possessed the special qualifications required in a Sanitary Commissioner, which, however, does not appear to be insurmountable considering the area of choice, which the Government of Bombay has at its disposal.

138. In the event of such an arrangement being made, the sanitation duties

Sanitary duties in Sind

in Sind would be undertaken, in the same way, by the Deputy Surgeon-General of Sind, who is at present in charge upon the Military estimates.

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139 We do not think there is sufficient justification for such a strong Deputy Sanitary Commissioner establishment as is involved in five Deputy Sanitary Commissioners, their work, Commissioners The compilation of vital statistics is obviously, for the most part, the business of clerical establishments, and is sufficiently provided for by fewer than five Clerks. The Vaccination work is carried on by one Inspector for each district (with one or two extra in large ones), each of whom has to look after about ten Vaccinators paid from Local Funds (This excludes the Vaccinators and Inspectors in Native States). Thus the Deputy Sanitary Commissioner has to supervise and check the Inspector's checking of the Vaccinators. A fair measure of the work of the Deputy Sanitary Commissioners may be obtained from the following statement of work done away from their head-quarters —

District	Days out	Villages visited	Children inspected	REMARKS
Western	89	124	4,660	Out of about 90,000 persons vaccinated in each Circle
Central	64	136	4,053	
Southern	118	180	7,241	
Eastern Guzerat	146	297	7,405	
Western Guzerat	78	120	14,149	
Sind	119	281	7,361	

As these gentlemen are rather supervising and controlling officers, each of them reduction of number suggested, having a staff of Inspectors below him, we see little reason to apprehend any harm, if their number is reduced to one for each of the three Commissioners' Divisions. Less work of checking and inspection might be done by the smaller number of Deputies, but the number even then remaining would be larger than in any of the other Provinces of India.

140 With three Deputies in the Presidency proper, the Surgeon-General and Sanitary Commissioner would, it appears to us, have sufficient special assistance at hand in the event of any outbreak of disease specially occupying the attention of the Sanitation Department.

141 We do not see that Sind requires a special Deputy Sanitary Commissioner over and above the Deputy Surgeon-General. It has already six Inspectors of Vaccination. none required in Sind

142 The Civil Surgeons should in all cases be given to understand that Sanitary duties of Civil Surgeons general duties in connexion with Sanitation are included in their functions. We understand that this is already the accepted theory in Bombay.

143 The city of Bombay is, so far as Vaccination is concerned, specially Vaccination in Bombay City supervised by a "Superintendent of Vaccination," who, we think, should be paid for by the Municipality and not by the Government. Vaccination is compulsory in Bombay, and the Municipality, though they pay the vaccinators, throw the charge of the superintendence upon the Government. It has been suggested to us that the work might be performed by the Municipal Health Officer or by the Port Surgeon.

144 Two Port Surgeons are charged under the head of Sanitation, namely, one for Aden and one for Bombay. Half the cost of the former is paid from Port Funds, and half the cost of the latter will be so paid. The cost will be about Rs. 4,000 less than entered in the

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estimates There will also be a similar saving of ₹2,000 in the cost of steam launches

Possible savings under this head 145 The savings which might accrue under this head out of the recommendations we make are —

Sanitary Commissioner abolished	₹ 24,000
Two Deputy Sanitary Commissioners and one Superintendent, about .	24,000
or, adding travelling allowances, &c , say	<u>50,000</u>

Of these and other suggestions no reckoning is taken in our estimate pending the decision of the Government as to whether they should be carried out, but as ₹6,000 of cost is to be undertaken by the Port Trust, in respect of the Port Surgeon, the total provision may be reduced from 1,84 (see para 123) to 1,78

146 The large cost under the head of Hospitals and Dispensaries is accounted for by the fact that the salaries of the Hospitals and Dispensaries, Presidency Professors of the Medical College are charged to it Provision necessary The hospitals concerned are the Jamsetji, the European General and the Gokuldas, the charges of which are borne by Government, except that the following contributions are received —

Jamsetji—from Endowment	₹ 12,540 a year
European—from Port Trust	13,500 „
Gokuldas—from Municipality	36,000 „

Excluding the new Cama Hospital the estimated charges in the Budget for 1886-87 are 3,15, but the actuals for three years to 1885-86 were 2,85, 3,03, and 2,92 There seem to be no new charges besides about ₹4,000 for compounders, who have become necessary by reason of the temporary cessation of the supply of medical pupils, so that 2,96 seems sufficient probable provision

147 The Budget provides ₹35,000 for the Cama Medical Hospital, but ₹10,000 of this represent initial charges, and it is not necessary to provide permanently more than ₹25,000

148 The provision under this head may be stated at 3,21

149 We observe that ₹62,000 is provided for the cost of rations of patients, the average cost of each diet being stated at $4\frac{1}{2}$ annas

Cost of rations This rate seems to us very high, even for Bombay, and the information given us with reference to the arrangements for supply (see under Lunatic Asylums) leads us to think that with a little effort it might be reduced.

Hospitals and Dispensaries, Mofussil 150 The following is the Revised Estimate, 1885-86, for Mofussil Hospitals and Dispensaries —

Establishments, &c , of Hospitals and Dispensaries	₹ 1,97,000
Allowances for attending Educational, &c , Institutions	5,000
Contribution to G I P Railway for services at Igatpuri and Bhusawal	3,000
Allowances in Commissioners' Establishments	3,000
	<u>2,08,000</u>

A somewhat higher estimate has been made for 1886-87, but, so far as we can learn from the Surgeon-General, the increase does not represent any anticipation of actual higher expenditure, but is entered only by way of making full

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provision, although each year, for one reason or another, shows a certain amount of savings

151 At every or almost every district head-quarters there is a Civil Hospital, and these Civil Hospitals are, with small exceptions, entirely maintained by Government. The only exceptions are that in the following cases contributions are recovered from the Municipalities: Karachi, Rs1,200, Hyderabad, Rs978, Aden, Rs2,001, Broach, Ahmednagar, Kaiwar, Ahmedabad and Tanna, sums varying from Rs88 to Rs100. The Ahmedabad Hospital has an endowment of Rs2,100. As the expenditure in these hospitals comes to nearly two lakhs of rupees, without reckoning any part of the salaries of Civil Surgeons, we think the question should be considered whether Municipalities or Local Funds should not be made to bear a much more substantial part of the cost, or, in the event of their refusing, whether the expenditure on the part of Government cannot be curtailed. We are informed that people, who are well able to afford and pay for treatment, constantly use these hospitals and the services of the Hospital Assistants without payment.

Cost of Hospitals to Provincial, heavy
Distribution of hospital expenditure.

152 The following is an abstract of the statistics of hospital expenditure in the Departmental Report for 1885—

	Bombay City	Port Blair	Bombay Municipal	Total
Revenue—				
From Government—				
Medicines	18	2	36	56
Cash	2,63	11	1,17	7,24
From Local Funds			62	62
From Municipal Funds	36	1	79	1,19
From Miscellaneous Sources	14	2	9	25
From Investments and Subscriptions	1	2	24	27
	3,32	34	6,27	10,13
Expenditure	3,28	51	6,12	9,91

153 The above figures do not agree with the Accounts, according to which the amount spent by Government on Hospitals and Dispensaries in 1881-85 was—

From Government Funds	Accounts	Figures of the Departmental Report
Presidency Hospitals, including about 1,20 for salaries of Surgeon-Professors	3,03	2,63
Hospitals in Mofussil, about	2,00	
Civil Surgeons' salaries, „	2,50	
Grants to Dispensaries, „	74	
	5,04	{ 41 4,17
TOTAL	8,07	7,24

154 It thus appears that the expenditure of Government is greater than would appear from the Report. Taking the figures of the Report (vide paragraph 152) as accurate, however, we find that they include, as a charge of the hospitals and dispensaries, the salaries of the Surgeons and Civil Surgeons. If we omit these, we find that in the Presidency Town Government bears about 1,43 of cost against 36 paid from Municipal Funds, and that in foreign stations

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and the Mofussil, Government pays about 2,31 a year, or 2,69 if supply of medicines is included, against 62 paid by Local Funds and 83 by Municipalities. In other words, if Government were to pay only half the cost (besides supplying the supervision), it would pay only 2,18 instead of 2,69. But the accounts are by no means clear, and it is difficult to form certain conclusions.

Attendance at Educational, &c, Institutions 155 The "Allowances for attending Educational, &c, Institutions" (*vide* paragraph 150) refer to the following —

Civil Surgeon, Poona, for Deccan College and College of Science	R 200
Do, Sukkur, for Indus Valley Railway	200
Do, Dharwad, for Training College	50
and three others of Rs50, Rs30, and Rs20	

156 A similar allowance of Rs100 is given in Bombay to one of the District Surgeons for attendance at the Elphinstone College.

157 We enquired what actual work was done in return for these allowances, but the replies only inform us that visits are paid to the Educational Institutions, and that the students may, if they like, avail themselves of the opportunity for consulting the Surgeon. We do not see why students should in this way be provided at the cost of the Government with special medical attendance, and both for this reason and because we are given to understand that the cases are few, in which the necessity for treatment really rises, we think these allowances should cease to be given. The allowance of Rs200 given to the Civil Surgeon at Sukkur is on a somewhat different footing, being for the supervision of the medical arrangements of the Railway, which are under two Apothecaries on Rs400 and an establishment of about Rs1,000. The allowance was sanctioned in 1883 by the Secretary of State.

158 The third item shown in paragraph 150, the full amount of which is Rs310 per mensem, is paid towards the Railway dispensaries at Bhusawal and Igatpuri, and the Company in return undertakes to provide for the public and for Government servants, and to carry out any medico-legal work that may arise.

159 The fourth item shown in paragraph 150 includes Rs25 each to the three Hospital Assistants who attend the camps of the Commissioners, and apparently some other similar allowances. We are informed that these allowances are to cease with the existing incumbents. It seems to us that the practice of attaching Hospital Assistants to the Commissioners' camps should cease.

160 It would appear that every Assistant Surgeon charged to the head of "Hospitals and Dispensaries" gets a special allowance. These Assistants are in three grades, on Rs100, Rs200, and Rs300, but when they are in charge of hospitals or dispensaries, which is their normal duty, they get a special allowance of Rs25, which the Surgeon-General may increase up to Rs60. We cannot see why these allowances should be given. The duty, in respect of which they are given, is that for which the salaries are drawn.

161 We think that the Government should also consider the necessity of maintaining the present Civil Hospital at Kotri. That place was of some importance, when it was a terminal station of the Railway, but it has for some time lost this position, and it is doubtful if an Institution on the existing scale is longer required.

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162 The amount charged under the head of Grants for Medical purposes was ₹78,000 in 1884-85 and ₹85,000 in 1885-86. It represents, for the most part, the grants to dispensaries which are fixed on the principle of not exceeding half the cost, and are liable to revision every three years. The last revision was made in 1883, and issued in a reduction of the total from ₹1,04,443 to ₹82,824. Another revision is now due, and it may be presumed that it will not result in an increase of the expenditure under this head. It is rather difficult to find out what proportion this expenditure really bears to the whole cost of these dispensaries, and how much Local and Municipal Funds severally contribute to the same dispensaries. The figures in the Hospitals and Dispensaries' Report cannot be reconciled with the figures of the Account Department (*vide* paragraphs 152 and 153), but as the Government appears to fix its contribution upon the basis of the figures in the Report, it would seem to be worth while to enquire whether the ₹85,000 spent by Government in dispensary grants is really met by an equal amount from other contributing funds.

163 The greater part of the cost of the Medical College, *viz*, the salaries of the Professors, has been dealt with in connection with the head "Medical Establishment." The charges made under the head "Medical College" include only the allowances for minor Professorships and the cost of eleven tutors and demonstrators. The cost of the Institution can be diminished only by the levy of fees from the students, and these are now fairly high, the income having risen from ₹1,345 in 1872-73 to ₹26,380 in 1885-86. The following statistics have been given to us —

Medical students (paying)	212	income for year	₹25,440
Ditto free	9		
Female students, of whom two are free	15	ditto	„ 780
Military pupils	41		
Soldiers' wives	2	ditto	„ 120
Casual midwife students	2	have paid	„ 40
TOTAL	281	TOTAL	₹26,380

164 As regards the Minor Professorships on ₹200 a month, they were intended to be additional allowances for short courses of lectures, but in the order fixing the rates of remuneration it was distinctly provided that these allowances should not be given so as to increase the whole remuneration of any officer above that of a full Professorship, *i.e.*, ₹850, ₹1,050 or ₹1,250, according to standing (paragraph 11 of G. G. O. of April 1867). The allowances in Bombay appear, in most cases, to be given in addition to the salaries of full Professorships, four of the Minor Professorship allowances being given to officers who already hold full Professorships.

165 The Lunatic Asylums in Bombay are very costly as compared with those in other parts of India. The matter was recently investigated and reported on by the Surgeon-General, who ascribed it mainly to the higher wages of servants, the higher prices of food in Bombay, and the higher proportion of European lunatics, and came to the conclusion that nothing could be done to reduce the cost. We are not satisfied that no successful exertions can be made in this direction in matters of detail. There is certainly one prominent matter in which

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Scientific and other Minor Departments

a saving seems easily possible Up to the end of 1882 the contracts for supplies to the Asylums were made by the Commissariat Department, but they were then made over to the officers in charge, with the result that the rates demanded and accepted were very much higher than before The figures are as follow —

Year	Number of Patients	Diet and Clothing	
1881	633	27,379	} Commissariat
1882	625	26,735	
1883	611	30,232	
1884	626	51,288	} Medical Department
1885	653	45,990	

We do not see why this costly result should be accepted Lunatic asylums cost 1,20 in 1884-85 and 1,12 in 1885-86, and it would appear from the above figures that, if the supplies were arranged for at fair prices only, we should get a saving of, at least, 21 on the first of these figures and of 16 on the second, we therefore take the estimate at 96 only

166 We observe that an Asylum is maintained at Dháiwái for only twenty patients We think this asylum should be closed, The Dhárwái Asylum as the patients could be provided for at Poona Their cost at Dháiwái was in 1885 as high as R250 per head

167 Receipts — The receipts under Medical are estimated as follows —

	R
Medical College fees	28,000
Hospital receipts, (nature not stated)	16,000
Lunatic Asylum receipts (paying patients and manufactures)	12,000
Contribution of Port Trust to European General Hospital	13,000
Miscellaneous	6,000
TOTAL	75,000

SCIENTIFIC AND OTHER MINOR DEPARTMENTS

168 The Budget Estimates under this head contain the following items —

Budget Estimates	Charges R	Receipts R
Agricultural Department	43	
Observatories	16	.
Donations to Societies	4	
Experimental farms and Cotton Department	28	10
Ditto Fractories	11	
Public exhibitions	5	
Bull and stallion charges	50	
Botanical gardens	11	7
Trade statistics	21	
Examinations	1	
Veterinary College	36	
Miscellaneous, including the Reporter on the Native Press	19	4
	2,45	21

Our estimate for the future differs from the above only in omitting 16 of expenditure under Veterinary College

169 The charge under the head of Agricultural Department commenced in July 1883, when the establishment was first formed in a tentative way When finally established in October 1884 it consisted, besides the Director, of a Personal Assistant on R400 and an establishment of R670, who represented the head-quarters office

The Future Provincial Contract with Bombay

Scientific and other Minor Departments

170 It is intended, as in other Provinces, that as the work of the Survey and Settlement Department in each district is finished, the records shall be made over to the Agricultural Department and by them be kept up to date. This will necessitate the formation, from time to time, of a small district staff, of which the present measure is, for each district, an Inspector on ₹100, an Assistant on ₹60, and subordinates on ₹50, 20, and 12. In two districts only, Dháiwái and Bījápúr, has this stage as yet been reached. It is intended, also, to add to the department (by transfer from the Survey Department) Assistant Superintendents of Survey—one for every two or three districts.

171 We accept the existing estimate of the charge of this department. Its future increase will presumably be met, partly from the increase of Land Revenue coming in by the Settlements, and partly from the reduction of the establishments of the Survey and Settlement Departments.

172 The charge of ₹16,000 represents the cost of the Government Observatory in Bombay, which conducts magnetic and astronomical observations, gives the time to the shipping, and takes charge also of meteorological reporting.

173 The estimates under "Experimental Farms, Cotton Department, and Miscellaneous," are somewhat mixed up, and the aggregate of ₹47,000 is more accurately stated as follows—

Experimental Farms under the Director of Agriculture—

	₹
Two Superintendents, Khandesh and Sind, on ₹375 + 80	9,800
Two Assistants on ₹80, one of whom is half paid by Municipality	1,500
Other establishment and expenditure on the Farms	16,700
For agricultural experiments by the Director of Agriculture	10,500
TOTAL	38,500

Miscellaneous—

Reporter on Native Press	8,000
Miscellaneous	500
	8,500

174 The two farms in Khandesh and Hyderabad respectively appear to be doing useful work. The former is used, half for cultivation of cotton seeds, and half for improvement in the breed of cattle and sheep, the latter is mainly used for experimental cultivation.

175 It is doubtful if it is necessary to provide more than ₹5,000 for the experiments made by the Director, as the provision for 1886-87 is in excess of his ordinary expenditure, but it is for the present intended to spend the full amount proposed, and we take the whole estimate as it stands. The farms bring in receipts which are estimated at ₹10,000.

176 The charge wrongly classified as "Experimental Factories" is for the Inspector of Factories in Bombay Island. He is appointed under an Act which makes him entirely a charge upon the Government.

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Superannuation Allowances and Pensions

177 The charges under the head of Bull and Stallion
Bull and Stallion Charges Charges amount to 50, as under —

	R
Superintendent R4,800, Clerks R1,608, Inspectors, &c, R5,280,	
Travelling allowances R3,500, Rents R240	15,428
Purchase of stallions	10,000
Feed and keep of stallions	15,700 (a)
Grants for horse shows	8,900
	<hr/>
TOTAL	50,028
	<hr/>

(a) An equal amount is paid by Local Funds

178 We have no remark to make at present on this expenditure. It is to a very slight degree controlled by the Local Government, and is managed on the same principles as the corresponding department for the Punjab and North-Western Provinces, which is an Imperial charge, and on which we propose (b) to write a separate Note.

179 The charge under Botanical Gardens is mainly for the garden at Poona, which is partly maintained for the benefit of soldiers, partly for the European residents of the place, so that the charge ought properly to be borne by Cantonment and by Municipal funds conjointly. The garden does not appear to require a highly-paid Superintendent on R350 a month, but, as Government cannot at present avoid this charge, the estimate is accepted. There are some corresponding receipts.

180 The estimate under the head of Veterinary College is composed of R32,000 for a Veterinary College recently instituted in Bombay and of R4,000 for a Veterinary class in the College at Poona. Of the first of these, one-half represents non-recurring charges which were necessary at the institution of the College, but which will immediately cease. We are somewhat doubtful if the expenditure on the present scale (a Veterinary Surgeon on R900 a month) is altogether warranted. But, as the College is only in its experimental stage, it is perhaps too soon to say it is not necessary. We therefore provide the 16 for Bombay and the 4 for Poona. At the same time we think that one institution of the kind, either at Bombay or at Poona, should be enough for the Presidency, and we consider that some economy is possible in the expenditure.

181 R10,500 of the Miscellaneous charge belongs properly to Experimental Farms, and is noted upon under that head. Of the rest R8,000 is the charge for reports on the Native Press and is composed, half of the salary of the Reporter (R350 a month), and half of salaries of assistants and other charges. The work appears large enough to require a separate staff.

SUPERANNUATION ALLOWANCES AND PENSIONS

182 The following are the figures of past years —

	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
	R	R	R	R	R
Provincial Receipts	1,10	1,14	1,25	1,31	1,60
„ Expenditure	11,60	11,71	12,06	12,29	12,95

(b) The Committee dissolved before this intention was carried out

The Future Provincial Contract with Bombay

Stationery and Printing

The large increase in the receipts and expenditure in 1886-87 is due to the transfer to the Provincial account of the balances, receipts, and liabilities of the Police Superannuation Fund. We may take the Budget Estimate as the present standard of the expenditure. We are not aware whether the Bombay Government will desire to retain or to give up this head to Imperial, but our local colleague, Mr. Lee-Wainer, was desirous that it should be given up because it is a constantly increasing source of expenditure, over which the Government has little control. The permanent members, on the other hand, recommend that the Province should retain a pecuniary interest in keeping the expenditure as low as possible, towards which a good deal can be done by abstaining from a rigid enforcement of the fifty-five years' rule. The assignment of pensions is also often closely connected with questions of revision of establishment, which in Provincial Departments may usually be finally disposed of by the Local Governments.

STATIONERY AND PRINTING

183. *Expenditure*—The principal charges under this head are those for stationery supplied from the Central Stores, and those for Government printing. The cost under the former of these heads was 2,81 in 1883-84, and 2,26 in 1881-85, and 2,50 is shown both in the Revised Estimate for 1885-86 and in the Budget Estimate for 1886-87. The consumption is very carefully regulated in detail, that is, rules are laid down for the testing of demands for issue of stationery, but we would suggest the advisability of having comparative statements prepared and submitted to scrutiny, showing the amount which each office contributes to the consumption of about 2½ lakhs worth of stationery in each year.

184. The charges for Government Presses show a tendency to increase. The figures of 1883-84, 1881-85, and 1885-86, are 2,65, 2,70, and 2,78 and 3,21 is entered in the Estimates for 1886-87. Of this increase, 21 is temporary only, being a charge for rent. The Government sold the building in which the Press is located, subject to occupation for two years at a rent of R24,000. This charge, therefore, has not now to be provided for, and the Estimate should stand at 2,97, which still leaves an excess of 19 over the expenditure of 1885-86. So far as we have been able to judge, the Press is economically worked, and it is probable that the increase of 19 may turn out to be, to a large extent, mere margin of estimating. The rates actually paid for the work are quite as low as any in the other Presses in Bombay, but the Press apparently values its work and keeps its accounts at much higher rates,—a matter of no great importance, so long as the normal rates do not affect the actual payments.

185. We observe that convict labour is very little used for printing in Bombay, the Central Press doing even the whole of the form printing for the Presidency. We note also that no provision is made for the auditing of the Press accounts.

186. The Commissioner in Sind has a Press costing from R23,000 to R27,000 a year, of which R3,600, or about 15 per cent, represent the salary of the Superintendent. We greatly doubt the economy of small Presses. In the present case, the Press may be useful for Sindhi work, but one-third of the work is composed of small orders for

The Future Provincial Contract with Bombay

Miscellaneous

English printing, which it is probable would be more economically arranged for (if required at all), under the general system applicable to the rest of the Presidency

187 For similar reasons we have recommended in our Note (a) on the High Court that the small Press required for the work of the Court should be placed under the control of the Superintendent of the Central Press

188 The small Press for the Alienation Department in Poona is required for printing certain valuable and confidential old records

189 The Budget Estimate for 1886-87 contains a provision of Rs. 8,000 for printing at private Presses which is admitted to be much more than is required. The usual expenditure is only Rs. 4,000

190 We have enquired regarding the cost of the Stationery Office in Bombay. It does not seem to us to be excessive considering the large area of country over which it has to send its supplies

191 We therefore, pending the Revised Estimates, accept the Budget for 1886-87, as regards expenditure, after deducting Rs. 24,000 for the Press building, and Rs. 4,000 over-estimate for private printing

192 *Receipts*—On the receipt side a mistake has been made in crediting as Provincial the recovery of Rs. 16,000 from Bera for stationery supplied to it, which should be a purely Imperial item. Deducting this amount as Imperial, we accept the Budget Estimate as regards the rest of the receipts

MISCELLANEOUS

193 *Expenditure*—The figures are as under—

	1881-85, Actuals	1885-86, Actuals	1886-87 Budget	Committee's Estimate
	R	R	R	R
Examinations in Oriental languages	14	11	10	10
Subscriptions to Periodicals, Reuter, &c	14	14	14	14
Donations for charitable purposes	21	25	22	22
European vagrants	8	8	9	9
Destruction of wild animals	13	14	15	15
Special Commissions	4	12	50	4
Petty establishments	17	16	18	18
Write-off of loans	6	1,80	5	5
Rents, rates, and taxes	92	75	94	68
Other items	14	19	22	17
TOTAL	2,03	3,74	2,59	1,82

194 The expenditure on Examinations includes fees paid to the Examining Committee. Of these Committees there are two, the Civil and Military Examination Committee and the

(a) *vide* Volume II, Chapter V, Section A, paragraph 18

The Future Provincial Contract with Bombay

Public Works

Central Committee The permanent members of the first of these are the Commissioner of Police, the Superintendent of Army Clothing, and a retired Oriental Translator, and they receive fees for each candidate examined running from Rs15 to Rs150. Although it is reasonable to pay fees to persons specially employed for these examinations, we are of opinion that officers of Government of the position of those just named should not receive special remuneration for occasional work of this kind.

Subscriptions to Reuter 195 The subscriptions to Reuter cover, we are informed, the telegrams to all the Governments in India.

196 The high charge for Special Commissions of enquiry is due to the Special Commissions of on Forest Commission now sitting. We take for the future only the ordinary charge of 4.

197 The charge for rents, rates, and taxes is composed of two payments made to the Municipality of Bombay, viz —

(1) Rs1,287, consolidated rate for all Government buildings

(2) A payment for water at two-thirds the general rate

The annual amount of the latter appears to be about Rs37,000, but as Rs20,000 of this is in future to be charged to the Military and Marine Departments, Rs17,000 is enough to provide, and we take 68 as the charge under this sub-head. The payment of Rs17,000 represents a supply of 100,000 gallons a day, which seems to us to be a very large consumption for the Government buildings and offices.

198 *Receipts* — The receipts under Miscellaneous for the six years ending 1885-86 have been —

	1880 81	1881 82	1882 83	1883 84	1884 85	1885 86, revised
	R	R	R	R	R	R
Unclaimed deposits	10	33	92	8	14	70
Other receipts	73	101	80	51	90	50
TOTAL	83	134	172	59	104	120

199 The Budget Estimate of 62 for 1886-87 seems rather low, and is accepted only if the Revised shows no ground to expect an increase.

PUBLIC WORKS

MISCELLANEOUS RAILWAY EXPENDITURE

200 This small charge is not likely to continue.

MINOR IRRIGATION WORKS

201 The Minor Irrigation Works are of the following classes —

- Class A — Works for which both Capital and Revenue accounts are kept
 „ B — Do only Revenue accounts are kept
 „ C — Do neither Capital nor Revenue accounts are kept

The Future Provincial Contract with Bombay

Public Works

Estimates for the future 202 The following estimates have been given us of
the future of Irrigation Works in Bombay —

	Actuals, 1884 85	Budget, 1886 87	Future forecast
	₹	₹	₹
REVENUE—			
<i>Irrigation and Navigation—</i>			
Class A—			
1 Sind	33,025	30,640	34,000
2 Deccan and Guzerat	45,975	55,510	59,000
Class B—			
3 Sind	41,439	39,580	41,800
4 Deccan	3,497	3,960	4,150
Class C (Agricultural Works)—			
5 Sind	187	170	200
6 Deccan	98	30	50
TOTAL	1,24,221	1,29,890	1,39,200

EXPENDITURE—*Irrigation and Navigation—*

Class A—

1 Sind	{ Capital	26,000	19,180	29,000
	{ Revenue	3,78,870	3,24,100	3,38,000
2. Deccan	{ Capital	1,42,270	1,58,180	90,080
	{ Revenue	53,300	76,370	61,400

Class B—

3 Sind	{ Extensions and im- provements	8,59,360	{ 70,150	1,45,000
	{ Maintenance			
4 Deccan	{ Maintenance and re- pairs	1,68,660	{ 6,37,300	5,92,000
			{ 1,68,660	1,72,100

Class C (Agricultural Works)—

5. Sind	{ Maintenance and re- pairs	99,230	{ 72,850	68,900
	{ Works in progress			
6 Deccan	{ Maintenance and re- pairs		{ 53,310	10,000
			{ 6,200	6,200

TOTAL	15,59,030	15,86,300	15,12,680
--------------	------------------	------------------	------------------

203 In the above statement the works have been separated into classes numbered 1 to 6. The detail of classes 1 to 4 will be found in the Finance and Revenue Accounts for 1884-85, as follows —

	£	
1 Class A—Sind, page 126, against the total of	2,600	
2 Do —Deccan, page 125, against the total of	14,227	
3 Class B—Sind,	} page 118, against the total of	4,494
4 Do —Deccan,		

They include the whole of the minor irrigation works in Bombay, and they

The Future Provincial Contract with Bombay

Public Works

have hitherto been entirely Imperial. The works in Sind are mostly canals, on some of which there has been a considerable capital outlay. Those in the Deccan consist mostly of a large number of tanks each of which costs only a small sum each year, and which, from a financial aspect, are far too petty and detailed to be supervised by so distant an authority as the Imperial Government.

204 It will be seen that only a small amount of capital expenditure is shown in the future forecast. We have omitted an item involving an outlay of Rs. 1,95,077 a year entered in the Local Government's forecast, as required for proposed new works, a kind of outlay of which the Provincialisation is somewhat difficult, and for which it may not be possible at the present moment to provide. In the rest of the forecast there is only about Rs. 1,19,000 a year of purely capital expenditure, besides Rs. 1,45,000 for extensions and improvements in Sind.

205 It seems desirable therefore to propose to the Provincial Government the Provincialisation of the whole of its minor irrigation,—on an assignment of the net amount calculated upon its own forecast—namely, revenue 1,39,200, expenditure 15,12,680, net 13,73,480.

Past years' actuals

206 The actuals of the past years have been—

	Revenue	Expenditure
	Rs.	Rs.
1882-83	1,01,550	16,84,160
1883-84	1,21,840	15,68,060
1884-85 (as by above detail)	1,24,220	15,59,030
1885-86 (revised)	1,27,000	16,17,000

The saving in the Bombay Government's forecast, as compared with these figures, appears to be in the diminution of capital expenditure, the works being now nearly complete. If any new works are undertaken in future, we recommend that they shall be executed out of capital on which the Province will pay interest to Imperial, the interest becoming payable, as proposed in our separate Note (a) on this subject, at the close of a term of years (not exceeding ten in number) after construction is completed and the work brought into use.

CIVIL WORKS

207 *Revenue*—The revenue of the three years to 1885-86 was 7,10, 8,17, and 7,99. The Budget for 1886-87 gives 7,53, ascribing the falling-off to the diminution of toll receipts by the opening of the Southern Mahratta Railway. We may expect better figures, but pending the Revised Estimate we take the Budget as it stands.

208 *Expenditure*—We have received a copy of a Note by General Goodfellow giving the history of the Provincial Public Works grant, and showing that the average outlay on Provincial Public Works in Bombay during the ten years ending 1885-86, excluding outlay by Civil Officers, has amounted to Rs. 32,49,835 per annum.

(a) *Vide* Volume II, Chapter XI, Section E

The Future Provincial Contract with Bombay

Public Works

Statistics of the past

209 The figures of past years are as under —

Statement showing the Expenditure on Civil Works in the Bombay Presidency from 1878 to 1887

—	Original works	Repairs	Establishment	Civil Officers	Other charges	Total
1878-79						28,22
1879-80						26,04
1880-81						24,37
1881-82	7,95	12,49	8,13	54	13	29,24
1882-83	12,55	12,22	8,82	1,00	16	34,75
1883-84	14,02	12,20	9,52	53	23	36,50
1884-85	19,04	13,14	9,02	55	25	42,00
1885-86 (Revised)	11,97	12,93	9,36	86	34	35,46
1886-87 (Budget)	24,22	13,50	8,00	97	30	46,99

210 General Goodfellow claims a normal grant of 14 lakhs for repairs and of 9 lakhs for establishment, but the above figures show that, judging from the experience of past years, 12½ lakhs are sufficient for repairs and 8½ for establishment. Allowing one lakh in addition for work done under Civil officers (mostly arboiculture) and for Miscellaneous, we take 22 lakhs as the obligatory expenditure of the Province on Public Works. Any surplus that may be over will be available for original works.

211 Besides the Provincial expenditure, the sums laid out on Public Works from Local Funds during the past six years (including the estimate of 1886-87) are 20,68, 22,87, 21,91, 21,43, 23,92 and 22,85. Most of this money was devoted to the improvement of Communications.

212 With regard to original works, we observe that, during the last six years, there has been an expenditure of 51 lakhs on buildings, but only of 30 on Communications. We are given to understand that the Province is extremely well supplied with roads, on the whole, though it is necessary to construct new feeders to the Southern Mahratta Railway, but that the public buildings in the Mofussil are in a state of disrepair and require a large expenditure for their restoration and reconstruction. If this is the case, we seem to be forced to the conclusion that of the 51 lakhs expended during the last six years on buildings, a large portion must have been laid out on the construction of expensive buildings at the chief centres of administration, while the important but less obvious wants of the outlying parts of the Province have been to some extent neglected.

213 With regard to the Provincial projects for original works in the future, we have received a complete list of all the works now in progress which will not be completed by the end of the year, and of those for which sanction has been given and which are only waiting for financial provision. The former may be classified as follows —

	₹
Civil Buildings	9,02,940
Communications	10,57,528
Miscellaneous Public Improvements	1,69,174
TOTAL	21,29,642

The Future Provincial Contract with Bombay

Public Works

Urgent works not yet begun 214 The urgent works in the Province, which will not be commenced during the current year, may be thus classified —

<i>Civil Buildings—</i>		₹
Administration, 46 works		10,61,707
Law and Justice, 22 do		3,90,411
Jails, 2 do		8,53,605
Police, 2 do		17,50,000
Educational, 4 do		11,88,407
Medical, 9 do		11,65,464
Miscellaneous, 1 work		6,844
Minor works		5,00,000
TOTAL CIVIL BUILDINGS		69,16,438
<i>Communications—</i>		
Roads, 20 works		12,13,776
Bridges, 17 do		18,51,686
Minor works		1,00,000
TOTAL COMMUNICATIONS		26,65,462
<i>Miscellaneous Public Improvements—</i>		
Major works		31,607
Minor works		50,000
TOTAL MISCELLANEOUS PUBLIC IMPROVEMENTS		81,607
Storage works for water-power industries under terms of a contract		7,00,000
GRAND TOTAL		1,03,63,507

215 Although many of these works may doubtless be very desirable if money is available, there are apparently works in the lists, that should not be contemplated, until such time as the finances are in an exceptionally flourishing condition. The following works appear to be of this nature —

	₹
1 Police Commissioner's Office, Police Lines and Office, Bombay	13,00,000
2 Rebuilding Elphinstone College	10,00,000
3 New European Hospital	10,00,000
4 Alteration of District Jail at Ahmedabad	1,00,000
5 Additions and alterations to the Collector's Kacheri at Dhárwád	80,000
6 Quarters for resident students at Elphinstone College, Bombay	1,70,640
7 Improvement to accommodation for lunatics throughout the Presidency	1,00,000

216 The first work in this list may be justified by good reasons, but the estimates indicate an outlay which goes far beyond the provision necessary for the concentration of the Police. The second work seems unnecessary, if the sixth is executed, and even the latter can be indefinitely postponed without injury to Education. It also appears probable that careful examination of the merits of each case will allow of many of the minor civil buildings entered in the list of urgent works being postponed.

The Future Provincial Contract with Bombay

Public Works

217 A large portion of the contemplated outlay on Communications is doubtless very desirable, as these works must prove of great importance in opening up the country, but it appears clear that a considerable number of works must be postponed in view of the present financial position. Moreover, so far as we can gather, the Bombay Presidency is at present considerably in advance of most, if not all, the other Provinces in India in the matter of Communications, and the extension of roads should be a charge on Local rather than on Provincial funds.

218 In the list of urgent works is the following item —

“Storage works for water-power industries under terms of a contract, Rs. 7,00,000”

This item is peculiar. A company has been formed for the utilisation of the water-power at the Falls of Gokak on the Ghatprabha river in the Belgaum Collectorate, and Government, besides granting them a lease of the land required for their mill buildings, has agreed to supply them with the water required to develop the power on payment of a fixed rate per cubic foot per second. The natural supply in the river runs short in the hot weather, and to enable Government to fulfil its engagements storage water is needed. The storage project will supply the Gokak canal as well as the mills. It is difficult to understand how the Government of Bombay can have pledged itself to supply water, which is not available, but as this case is now before the Government of India, it does not appear necessary that we should go into its merits. It is clear, however, that, with many urgent demands for the construction of important Communications, it is not desirable, during the present financial pressure, to undertake a work, which involves so large an outlay, if it can be avoided.

219 The ratio borne by the cost of the establishments (8,50) to the total figure (27 lakhs) at which we place the public works grant is nearly 32 per cent. This is unduly high, and we think it ought to be diminished, but we are informed by the Chief Engineer that he does not consider the Province overmanned, and that no reduction in the present sanctioned strength of the establishments is possible. It appears inevitable that the existing scale of grants for Provincial Public Works must be reduced, but the whole question of the Public Works establishments has been separately (a) reported on.

220 We are unanimous in considering that the outlay on Public Works urgently needed for the development of the country and the satisfactory conduct of the administration should only be curtailed in view of extreme financial pressure.

221 The local members of the Committee deprecate the allotment for outlay on Public Works being placed so low as to check the expenditure on Communications, which is of a nature to indirectly augment Imperial resources to a considerable extent. Looking to the general character of the estimates framed by the Committee in regard to revenue and expenditure under the new Contract, they anticipate that the Province will be left with a small, or possibly with no, margin for further development of important Public Works. We all agree that if financial necessities admit of an ampler grant of funds to the Province, they can be well and usefully expended on the construction of feeder roads for the

(a) *Vide* Volume II, Chapter XI, Section B

The Future Provincial Contract with Bombay

Contributions to Local Adjustments

Southern Mahatta Railway But these are works in which the Local Boards are fully as much interested as the Provincial Government, and we think that a considerable degree of assistance ought to be afforded by them, and that the whole cost ought not to be thrown on the Provincial revenues

222 It has been said above that the obligatory expenditure on Public Works is about 22 lakhs, and the amount which can be added for original works depends more on the financial possibilities of the time than on the abstract merits of the case. After carefully considering the circumstances of the Bombay Presidency, as compared with other Provinces, and bearing in mind the present necessity of general economy in outlay affecting the Imperial finances, the permanent members of the Committee do not consider that in preparing the new Contract a larger annual grant for outlay on Provincial Public Works than 27 lakhs can be allowed,—that is, they would revert to the scale of expenditure in force before the existing Contract placed a large surplus at the disposal of the Local Government. This amount, together with the surplus Provincial balances, which will probably be available at the close of this year, *i.e.*, 12,00 (*vide* paragraph 3), will allow of an annual average outlay on Provincial Public Works during the new Contract of about 29½ lakhs. This will provide a sum of 7½ lakhs for original works, which is nearly the same amount as that which the Province devoted to this object in 1881-82. Should the Provincial revenues improve, a larger sum will become available in ordinary course.

CONTRIBUTIONS TO LOCAL.

Existing obligations of Government

223 The existing obligations of Government in this respect may be stated as follows —

Grant in lieu of one-anna cess on Abkari revenue	1,55
Grants in-aid for Primary Schools	2,17
Grants to certain Local Fund Dispensaries	18
For certain schools 8, "Anachatia" 2	10
TOTAL	4,00

To this a further amount of 1,02 has now to be added, representing the surplus of cattle-pound receipts under the arrangement mentioned in paragraph 106. But, on the other hand, Local Funds owe to Provincial a reimbursement of 17 on account of establishments transferred to Provincial in 1885-86 and charged under "Administration." The net estimate for Contributions is therefore 4,85.

224 The Budget of 1886-87 proposes a considerable enhancement of the grants in-aid for primary schools, which, for the reasons stated in paragraph 118, we do not see our way to admitting.

ADJUSTMENTS

225 We append to this chapter two statements, A and B, which show the total and the Provincial share of all Provincial and divided heads according to the Budget of 1886-87, the total estimates of revenue and expenditure now adopted under the same heads, and the Provincial share of each, both according to the system now in force, and also under the system prescribed for the future Contract in the Government of India letter No 2187, dated 26th July 1886, Department of Finance and Commerce.

The Future Provincial Contract with Bombay

Conclusion

226 We have presumed that the new Contract will annul all adjustments made since 1882 in the current Contract on account of modifications in the distribution of revenue and expenditure. They amount to 1,81, and are shown in statement A only to facilitate comparison between the results of the existing and of the proposed Contracts.

227 The inter-provincial adjustments, amounting to 33 and also shown in statement A, necessarily drop out of account. They will come in in the estimates of each year, as compensations for differences from our estimates. For example, if Bombay pays the leave allowance of a Bengal officer, it will recoup the amount by inter-provincial adjustment, but as we have not included any such payments in our estimates, we have not to show separately the corresponding compensating adjustments.

CONCLUSION

228. Columns 3 of statements A and B show that the estimated Provincial revenue of 1886-87 was 3,89,33, the estimated Provincial expenditure 3,98,35. That is to say, the Provincial Budget exhibited a deficit of 9,02, which was provided for by a reduction of the Provincial balance by the same amount. (The amount in the original stands at 29,02 by reason of the addition of the special contribution of twenty lakhs made by Provincial to Imperial in the current year.)

229 Columns 4 and 5 of statements A and B show our calculations of the probable future revenue and expenditure, as under —

	Total	Provincial share as at present
Revenue	6,29,80	3,92,60
Expenditure	3,95,73	3,65,54
Surplus	2,34,07	27,06

Provincial surplus to be resumed

230. There is thus a Provincial surplus of 27,06 which may be resumed by the Imperial Government.

231 The last columns of the two statements exhibit the Provincial revenue and expenditure calculated on the system which has been prescribed for the future Contract, as under —

Revenue	2,73,98
Expenditure	3,65,57

The deficit of 91,89, which will thus exist, will have to be met by a contribution of that amount from Imperial to Provincial, to be adjusted, either through the Land Revenue head or in some other way. On whatever basis the revenue and expenditure are divided under the new Contract, the result will be the same, *viz.* that as compared with the present Contract there will be a benefit to Imperial of 27,06, if the finances of the Provincial Government are left in an initial state of equilibrium, as it is intended they should be.

232 The Honourable Mr. Ranadé and our local colleague Mr. Lee-Wainer have recorded separate Notes expressing a certain degree of dissent from some of our proposals. These Notes are reprinted as Appendices B and C to this chapter.

MADRAS,
The 4th October 1886

The Future Provincial Contract with Bombay

A—STATEMENT OF REVENUE

	BUDGET ESTIMATE OF 1886-87		ESTIMATE NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads					
Land Revenue (Alienated)	73,27	73,27	73,27	73,27	73,27
Land Revenue (Remainder)	3,25,01	1,06,22	3,25,00	1,06,21	(a) 82,00
Salt (Miscellaneous)	37	37	37	37	37
Stamps	47,50	22,75	11,80	22,10	33,69
Excise	85,55	42,70	90,05	45,03	22,51
Provincial Rates	55	55	55	55	55
Customs (Miscellaneous)	15	45	45	45	45
Assessed Taxes	34,25	0,00	27,25	6,30	13,03
Forests	28,62	11,31	31,00	15,50	15,50
Registration	3,93	1,97	3,93	1,97	1,97
TOTAL REVENUE HEADS	6,00,53	3,55,08	5,99,67	3,62,05	2,15,85
Interest (Provincial)	57	57	57	57	57
Law and Justice, Courts	2,85	2,85	2,85	2,85	2,85
Police	2,30	2,30	2,35	2,35	2,35
Marine	7,93	7,93	8,26	8,26	8,26
Education	51	51	50	50	50
Medical	2,65	2,65	3,00	3,00	3,00
Scientific and Minor Departments	75	75	75	75	75
	21	21	21	21	21
TOTAL CIVIL DEPARTMENTS	17,23	17,23	17,92	17,92	17,92
Superannuations (Provincial)	1,60	1,60	1,60	1,60	1,60
Stationery (Provincial)	60	60	44	11	14
Miscellaneous (Provincial)	62	62	62	62	62
TOTAL MISCELLANEOUS	2,82	2,82	2,66	2,66	2,66
Post Office	2	2	2	2	2
Telegraph	4	1	1	1	4
Total Civil Heads	6,21,21	3,79,66	2,20,88	3,83,26	2,65,06
Public Works					
Irrigation—Minor Works	1,30		1,39		1,39
Civil Works	7,53	7,53	7,53	7,53	7,53
Total Public Works	8,83	7,53	8,92	7,53	8,92
TOTAL REVENUES	6,30,04	3,87,19	6,29,80	3,90,79	2,73,98
Adjustments—					
Transfers on account of various reclassifications		1,81		1,81	
Inter-provincial adjustments		33			
TOTAL RESOURCES	6,30,04	3,89,33	6,29,80	3,92,60	2,73,98

(a) The Government of India letter No 2187, dated July 26th, 1886 proposes the assignment of a fixed sum plus a quarter of the increase. We adopt in this statement the somewhat more convenient, but equivalent, course of assigning one quarter of the whole plus a fixed sum.

The Future Provincial Contract with Bombay

B—STATEMENT OF EXPENDITURE

	BUDGET ESTIMATE OF 1886-87		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads					
Refunds, Land Revenue	2,10	1,40	1,52	91	38
" Divided Heads	3,12	1,56	2,82	1,41	1,10
" Provincial Rates	10	10			
Assignments	71,03	71,03	71,00	71,00	71,00
Land Revenue—					
Survey and Settlement	8,90	8,90	8,80	8,80	8,50
Collectors and Establishments	30,07	30,07	29,53	29,53	29,53
Allowances to Village Officers	27,12	27,12	27,12	27,42	27,42
Salt (Provincial Establishment)	9,86	9,86	9,12	9,12	
Stamps	1,94	97	1,90	95	1,42
Excise	2,58	1,29	2,58	1,29	65
Provincial Rates	55	55	55	55	55
Customs	4,95	4,95	4,80	4,80	
Assessed Taxes	81	10	45	10	23
Forests	18,52	9,26	18,50	9,25	9,25
Registration	2,98	1,17	2,40	1,20	1,20
TOTAL REVENUE HEADS	1,87,91	1,71,93	1,84,39	1,69,53	1,54,53
General Administration (Provincial)	12,58	12,58	12,33	12,33	12,33
Law and Justice, Courts	45,36	45,36	44,79	11,79	41,79
" " Jails	6,51	6,51	6,13	6,13	6,13
Police	52,28	52,28	50,22	50,22	50,22
Marine	70	70	23	23	23
Education	16,57	16,57	13,90	13,90	13,90
Medical	13,53	13,53	12,70	12,70	12,70
Political (Rents and Rates)	2	2	2	2	2
Scientific and Minor Departments (Provincial)	2,15	2,15	2,29	2,29	2,29
TOTAL CIVIL DEPARTMENTS	1,50,03	1,50,03	1,42,61	1,42,61	1,12,61
Superannuations (Provincial)	12,95	12,95	12,95	12,95	12,95
Stationery (except purchases for Central Store)	6,12	6,12	5,81	5,81	5,81
Miscellaneous (Provincial)	2,59	2,59	1,82	1,82	1,82
TOTAL MISCELLANEOUS	21,66	21,66	20,61	20,61	20,61
Post Office	1,07	1,07	1,07	1,07	1,07
Telegraph	7	7	7	7	7
Total Civil Heads	3,60,74	3,44,76	3,48,75	3,33,69	3,18,89
Public Works					
Miscellaneous Railway Expenditure	36	36			
Irrigation—Minor Works	15,86		15,13		15,13
Civil Works—					
Original Works	21,21	21,21	5,00	5,00	5,00
Repairs	13,50	13,50	12,50	12,50	12,50
Establishment	8,00	8,00	8,50	8,50	8,50
Civil Officers	97	97	1,00	1,00	1,00
Other Charges	31	31			
TOTAL CIVIL WORKS	46,99	46,99	27,00	27,00	27,00
Total Public Works	63,21	47,35	42,13	27,00	42,13
Total Civil Heads and Public Works	4,23,95	3,92,11	3,90,88	3,60,69	3,61,02
Contribution to Local (Net)	6,24	6,21	4,55	4,55	4,55
GRAND TOTAL EXPENDITURE	4,30,19	3,98,35	3,95,73	3,65,54	3,65,87

The Future Provincial Contract with Bombay

APPENDIX A

SURVEY AND SETTLEMENT EXPENDITURE, BOMBAY

The Civil Estimates show for Bombay—

	1884-85	1885-86 Revised	1886-87, Budget
	₹	₹	₹
Revenue Surveys .	6,72,140	6,86,000	6,90,000
Land Settlement	2,42,110	2,31,000	2,00,000
One of the sub-heads under the latter being Talukdārī Settlement	3,384	3,600	3,600

2 We asked the Government of Bombay for an estimate of the cost to be incurred in this department during the next five years, and in their reply (No 58 P, dated 30th August 1886) we were informed—

- (1) That the cost of the department in Bombay Proper was estimated to be ₹28,81,900 (which would give an average of ₹5,76,000 per annum)
- (2) That for the Sind Settlement, the cost had for five years past been on the average ₹2,28,980, that the strength of the department having been reduced, the expenditure during the next five years would be less
- (3) That the ₹3,600 “represented the Government contribution on account of the salary, allowances, and establishment of the Talukdārī Settlement Officer” “The rest of the charges,” the Government letter went on to say, “are borne by the estates under his charge”

3 Mr Stewart, the Survey and Settlement Commissioner for Bombay Proper, whom we examined at Poona, explained to us that the whole cost of his department at sanctioned scale was ₹7,04,000, but that he did not work up to the sanction. According to a written answer which he put in and explained, “the average cost of all operations for the next five years would be 6½ lakhs per annum”

4 The Bombay Government had promised us further information about the Sind settlement, but meantime, upon the evidence before us, we took the total amount to be provided at ₹8,80,000 (against the Budget Estimate for ₹8,90,000), understanding that we included in this the ₹6,50,000 required for Bombay Proper and about ₹2,30,000 which seemed to be the cost of the Sind settlement (represented apparently by the second head in the Civil Estimates) and of the Talukdārī Officer

5 On September 23rd, the Government of Bombay sent their promised reply relating to the Sind settlement, that is, they sent on to us a letter of the Superintendent, stating that the annual cost was to be ₹1,78,115 only. We immediately replied (September 29th), pointing out the discrepancy between this figure and the information previously given us and set forth in the Civil Estimates

6 The Bombay Government on October 6th replied—

- (1) That the ₹2,00,000 charged for land settlement in the Budget of 1886-87 was thus made up—

	₹
Sind Settlement .	1,78,606
Alienation Department, Poona .	9,576
British Girasias Agent .	4,055
City Survey, Ahmedabad	4,004
Talukdārī Settlement	3,600
	<u>1,99,841</u>

The Future Provincial Contract with Bombay

Appendix A—Survey and Settlement Expenditure, Bombay

- (2) That the Government estimated the cost of the Bombay (Proper) department, not at Rs5,76,000 (as originally stated), or at 6½ lakhs (as we were informed at Poona), but at Rs6,82,400 for the first two years, and Rs6,52,400 for the last three
- (3) That boundary-mark expenditure was outside these figures, it was first of all charged to 'Advances', and when the Survey Department made up its accounts, so much was charged to Government and so much recovered from the landholders. They could not estimate how much would be credited to Advances and charged to Government during the next five years, but proposed that the amount should be given from time to time; over and above the Contract allotment mentioned under (1) and (2)

7 To take up these statements in order—First, as regards No. (1) —We have already allowed for the whole amount, but as the information now given is new to us, we have further to enquire—

- (a) What are the details of the expenditure of the Alienation Department, Poona? Are we correct in understanding that it is engaged in compilations from the ancient records of the Native Government? How long is the work expected to last?
- (b) What is the nature of the work of the British Girasias Agent? What are the details of the cost of his salary, establishment, &c., and is any part of it recovered or recoverable from Native States?
- (c) The city survey, Ahmedabad, has now been going on for very many years, how long is the expenditure likely to last? What work still remains to be done? And what do the Municipality pay towards it?
- (d) As regards the Talukdār Settlement Officer, we thought our information was complete, but the Bombay Government have just informed us that they require another sum of Rs2,400 to provide for his establishment. As this is inconsistent with the information they formerly gave, and with the provision in the Estimates, we would wish them again to examine the facts

8 As regards No (2), the Bombay Government wrote us, on October 13th, saying that they find still another charge that has been omitted from the figures they gave us, namely, the Photo-zincographic Department costing Rs48,776, and that they wish this to be added to the Estimates. As this charge is now mentioned for the first time, we have not had the opportunity of examining it on the spot, and we have to enquire for some details—

- (e) The department has a Superintendent on Rs900, a Head Photographer on Rs300, a Head Printer on Rs150, and establishments costing Rs1,482 a month. We should like details of establishment and an explanation of the necessity of so highly-paid a Superintendent
- (f) What are the stores from England, costing over Rs10,000 a year
- (g) What is the outturn of work? How many maps are completed annually? How many copies are struck off of each? And are there any, and what, receipts?

9 As regards No (3),—the boundary-mark expenditure,—we made some enquiries in our first questions. The replies given by the Government in the letter first quoted were, that of the amount outstanding on 31st March 1886, Rs2,84,141, "it is impossible to say how much is recoverable and how much will

The Future Provincial Contract with Bombay

Appendix A —Survey and Settlement Expenditure, Bombay

be ultimately debitable to Government” Rs2,09,565 of bills had been sent in to the Collectors in the past three years, for part debit to Government and part recovery from occupants, but “it is impossible to say what portion has been recovered from occupants up to date” And, again, in their letter of October 6th, “it is impossible to state how much of these advances is likely to be adjusted and classed under Land Settlement Charges during the next five years”

10 The Government of India are not likely, without much more reason than is as yet shown, to accept the proposal to exempt from the Provincial Contract, and to keep as Imperial charges, an expenditure which is practically only one head of the contingent expenditure of a Provincial department, and which has hitherto been Provincial, and we must proceed to estimate, on the best information procurable, the probable amount of these boundary-mark charges in the future, that is, we must take the past averages, unless special reasons render them inapplicable

11 But it is obviously necessary for us to remit the whole matter to Bombay for further enquiry and explanation. The Bombay Government must be able to give us the total charges under Land Settlement and Survey, for the past five years, under the heads corresponding with their present demands, namely,—

	R
<i>Survey Department, Bombay Proper—</i>	
Commissioner and Parties .	6,52,400
Photo-zineographie Department	48,776
<i>Settlement Department, Sind—</i>	
Superintendent and Parties	1,78,606
Boundary-marks .	Not stated
Alienation Department	9,576
British Grievances Agent .	4,055
City Survey, Ahmedabad	4,004
Talukdārī Settlement	6,000
TOTAL	9,03,417

(This total would be increased still further if the estimate for boundary-marks were included, and it must be further remembered that the Bombay Government, for reasons not fully explained, claim Rs30,000 more for the first two years.)

12 Now we know that the total expenditure under all these heads has been—

	R
Accounts, 1882-83 .	8,90,290
„ 1883-84 .	9,51,037
„ 1884-85	9,14,250
Revised Estimate, 1885-86 .	9,17,000
Budget „ 1886-87	8,90,000

and we are informed that the charges are diminishing. It is obvious, therefore, that we cannot, on the information before us, admit the demand of Bombay, or go beyond the amount we have allowed in our former Note(a), viz, Rs8,80,000

CALCUTTA,
The 1st November, 1886

The Future Provincial Contract with Bombay

APPENDIX B

DISSENT BY THE HON'BLE RAO BAHADUR M G
RANADÉ, M A , LL B*Remarks on the Education portion of the Note on the future Provincial Contract with Bombay*

As I happen to differ from the other members of the Committee in regard to some of the recommendations made by them, I deem it necessary to state briefly the grounds of this difference. I shall do this as far as possible, not in my own words, but in the words of the Education Commission which specially inquired into this subject four years ago.

1 The first recommendation suggests an enhancement of fees in Secondary schools and Arts colleges. As regards High schools, the Education Commission in their report observed "that the fees charged are fully as high as the people are able to pay. They have also been raised relatively to the cost of the schools." "The Government expenditure on these schools is 12 per cent of the cost, while the cost to Government per scholar is decreasing, the cost to Government of aided institutions is steadily increasing, so that in many instances the State is paying more for the same results in aided schools than in its own institutions."

As regards the Arts colleges, they observe that "we have no evidence to justify us in recommending any increase in the rates of fees, which have been considerably raised in the last few years."

I do not for my own part object to a tentative and gradual enhancement of fees, but I do not think we can safely count upon increased attendance along with an increase in fees, or that it is reasonable to raise the Budget Estimate under this head from Rs2,65,000 to three lakhs.

2 The second point relates to the suggestion that it will not be necessary to raise the salary of the new Sind Inspector from Rs250 to Rs500, if a Native officer were appointed to the post. In Sind, the Inspector's work has hitherto been discharged by a half-time officer, who draws on this account Rs250 a month. The Education Commission recommended the appointment of a full-time officer, and as the highest Native Deputy Inspector in the Province now gets Rs250 or Rs300, it appears obvious that the Inspector, even though a Native, can hardly be expected to be properly remunerated on less than Rs500. The half-time man may be relieved of his duty by this arrangement, and the proposal therefore does not involve any increase, but only a transfer of charges.

3 The third recommendation relates to the increased allotments for the Sind and Ahmedabad Colleges. As regards the Sind College, the Education Commission laid down that "Government should not incur unlimited responsibilities in founding a college which may be a failure. When an adequate foundation is supplied by local resources, Government may then be expected to assist with a grant-in-aid." The Sind people have since the date of this report made considerable efforts to raise funds, and under these circumstances they are entitled to a liberal grant-in-aid, equal to their own annual independent resources.

As regards the Ahmedabad College, the Education Commission recommended that "the interest of the Endowment Fund" (about Rs1,50,000), "together with the Municipal grant" (Rs3,000), 'should be supplemented by an equal contribution from Government for a fixed period of six years'."

The Future Provincial Contract with Bombay

Appendix B —Dissent by the Hon'ble Rao Bahadur M. G. Ranadé

The interest and grant come up to Rs. 8,000, and Government is bound by its previous pledges to contribute that amount which falls short of the proposed grant by Rs. 2,000. Allowing the same grant for the Sind College, the Budget figures may be reduced by Rs. 4,000. Further economy does not appear to me to be possible in view of previous undertakings.

4 The Note further suggests that provision should be made for these new charges by corresponding reductions elsewhere, and later on it is proposed that Government should either withdraw altogether from the charge of the High schools and Arts colleges in Bombay and Poona, or as an alternative should allow them to be converted into aided institutions. I think the members of the Committee have not sufficient materials before them to enable them to enter into such details with advantage, and that under any circumstances they should not commit themselves to the policy of advising Government to start new institutions to the prejudice of firmly established and successful old schools and colleges. As regards the two High schools, they are actually in a condition to pay nearly 50 per cent. of their expenses. As aided schools they would cost Government more than they do now.

As regards the Bombay and Deccan Colleges, the Education Commission observed "that the Deccan College was founded by Mr. Mountstuart Elphinstone as the most suitable object on which the British Government could spend a portion of the Dakshina Fund employed by the Peshwas for the encouragement of ancient learning." The Elphinstone College is already in a condition to pay nearly half its expenses from fees and endowments. As regards the policy of complete withdrawal, or the alternative of converting these colleges into aided institutions, the Education Commission observed "In Bombay and Poona there are institutions which grew out of endowments or of attachment of funds, and to the maintenance of which the public faith is more or less pledged." "Until private enterprise has extended so widely as to create a competition between similar schools under different management, we should not be prepared to run the risk of surrendering a college or High school to probable decay." I trust these extracts will suffice to show that there is nothing unreasonable in my proposal to drop this last paragraph in the Note as needlessly committing the members to a position directly opposed to the deliberate recommendations of the Education Commission.

5 If it be desirable to effect reduction of expenditure elsewhere, there are possible openings for economy in a reduction of the amount of purely Government scholarships, which have for the most part lost their value in these days, and this saving would go a great way to make up the Rs. 10,000 a year required to supplement the resources of the Sind and Ahmedabad Colleges without destroying the efficiency of old and historical institutions.

6 As regards the recommendation not to allow more than Rs. 1,500 out of a Budget allotment of Rs. 50,000 for fostering technical instruction, I think that the action taken by the Local Government has been to a large extent inspired by the declared anxiety of the Government of India on this subject. The amount should therefore be raised at least to Rs. 11,500, which sum appears to have been already allotted to this head. Otherwise the Bombay Government, which has already issued its Resolution, will be placed in a very awkward predicament.

The 6th October 1886

M. G. RANADÉ

N. B.—It should be explained that the quotations made by Mr. Ranadé in this dissent are not from the Report of the Education Commission, but from that of the Bombay Provincial Committee published as an appendix to the Report of the Education Commission (pp. 133, 142, 148, 150, 151, and 201).

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APPENDIX C

DISSENT BY MR W LEE-WARNER, BOMBAY CIVIL SERVICE,
LOCAL MEMBER OF THE FINANCE COMMITTEE*Memorandum on the Finance Committee's proposals*

I recognise the spirit of compromise shown in this Note, as I also recognised the courteous and reasonable attitude of the Finance Committee in our discussions at Poona. I also feel that Imperial necessity demands a large sacrifice from Provincial finance. But an economy, which drives the Bombay Presidency into insolvency or into the carelessness which precedes insolvency, will be too dearly purchased by the gain of four or five lakhs which, in my opinion, the Finance Committee have taken beyond the furthest necessities of the occasion.

2 *Land Revenue receipts* are based on the realisable demand of 1886-87, a year lifted on the crest of a wave, which gathers up the uninterrupted prosperity of four years, and on a high level of revenue administration. By fixing this figure for the whole Contract, the Committee discount an improvement in these factors, as a set-off against a season of drought which must be shortly expected. Yet, on the other hand, the Public Works expenditure, which so largely eases temporary agrarian distress, is cut down from an average of 40 lakhs for the last four years to 27 lakhs. An alteration in the tour system, which is the secret of controlling remissions and of adding to the Land Revenue, is threatened, and as relief is given to the congestion of the Civil Service in the grade of senior supernumerary Collectors, some loss of experience in the revenue agency must be expected. While, then, I do not complain of the Land Revenue demand being taken at 330 lakhs, I consider that the estimate precludes expectation of profit, and I would add that the Government of India must be prepared to reconsider the whole question of famine liability in the face of the inability of the Local Government to bear any strain with its diminished resources.

3 *Stamp receipts* are sensitive to agrarian distress and its consequent decline in trade. The estimate of 44,80 seems to me too high by 30 at least, representing $1\frac{1}{2}$ lakhs in the term of the Contract. The *Jail expenditure* should be taken at 6,50, and I doubt if that will suffice. This will add 37 to the figure taken. The elimination of grants promised amounting to a practical reduction in *Education expenditure* means a fatal, and ultimately expensive, discouragement of private enterprise. 25 must be restored to grants by results, even if the reduction in building grants is upheld. I would restore the latter to at least 55 instead of 30 proposed, but I will not press this in view of other suggestions which I regard as more important. The College grants of 14 are pledges, to the withdrawal of which I cannot consistently agree. The recommendation of the Finance Committee to withdraw from the Deccan College, although it has much to recommend it, cannot be carried out in a moment, and does not justify a breach of faith with the people of Gujarat and Sind. I understood that the Committee accepted my arguments in favour of the drawing provision of 10, representing a further pledge of the most public character, but I am evidently mistaken. This item, however, and the Workshop grant of 4 complete the addition of 50 to the expenditure, which I regard as justified by the present conditions of finance. I regret the blow struck at technical education, but if only half-a-lakh can be given, I would assign it to the objects men-

The Future Provincial Contract with Bombay

Appendix C—Dissent by Mr W Lee Warner

tioned. In regard to *Police*, I note that 50,22 is a provisional estimate of expenditure, that the Committee are uncertain on various points, and rely more than once on "probability." I submit that facts point to the conclusions that the Police are undermanned and underpaid, especially in Bombay City. The proposal to raise the clothing recoveries, although a minor matter, seems to me only equitable with the proviso that the recoveries in no district shall exceed the cost to the men of that district. If clothing costs less in Satara than in Ahmedabad, I see no reason for taxing the Satara men to pay the cost of clothing the Ahmedabad sepoy. My contention in regard to the Police is, that no reduction is possible, and the actual expenditure of 1886-87 must not only be taken as the basis, but even an excess over these actuals must be allowed, where extra Police have been engaged in 1886-87 but not charged for the whole year. The Police Commissioner of Bombay showed us that his force was already too small, that some men had been lately engaged, whose cost in 1886-87 will not represent their cost in future, and that others could not be engaged because the wage was too low. Full allowance must be made in the Contract for the full future charges of these sanctioned, even if not yet appropriated, increases. I am unable to estimate the additional provision required, but I should say that $\frac{3}{4}$ to 1 lakh was necessary. In connection with this, I would remark that I quite agree with the Committee that the Bombay Municipality should contribute more liberally, but the intervention of the Government of India prevented Sir Philip Wodehouse from carrying out this policy, and, if it is to be reverted to, the assistance of the Supreme Government must be given. I consider also that an officer of the standing of a First Assistant Collector—and not of a Second Assistant Collector—is essentially required in Bombay to aid the Collector of Bombay, who will be Collector of Customs, Collector of Income Tax, and a Registrar. I do not agree with the Committee that the number of supernumerary Assistant Collectors can afford reduction. What is wanted is a reduction in the number of them in certain years. A better distribution of the service, and not any reduction, is required.

4 The Committee recommend that the Bombay Government should be liable for *Superannuations* to secure local control. But the present proposals go far to weaken control by destroying local interest in the creation and subsequent appropriation of savings. The addition of another spending department with an inadequate provision of means is a burden which, in my opinion, the Local Government cannot undertake, and I think that the Government of India should adhere to their proposal for relieving the Local Government of superannuation charges. I regret that I must also dissent from the proposed reductions under *Contributions to Local*. These Contributions represent a double pledge—an educational pledge based on the Government of India Resolution No. 63, dated 11th February 1871, discussed in section 215 of the Education Commission's Report, and an administrative pledge repeated in the Resolutions on self-government. I can only submit a respectful protest against any departure from the long postponed recognition of these pledges embodied in the increase of contributions from 4,63 in 1884-85 to the corresponding figures of the current year. If it be alleged that these pledges were made by the Local Government, I would add that they were made with full publicity and to the knowledge of the Government of India, and it is unsafe for the British Government to repudiate the assurance of one of its members to the general public, when that assurance was given with the consent and approbation of the Government of India.

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Appendix C—Dissent by Mr W Lee-Warner

5 There remains the Public Works grant reduced to 27 lakhs. I was under the mistaken impression that another half-lakh had been conceded. I pressed for 29,40, the figure for Civil Works in the current Contract. Our obligations for maintenance charges have increased since 1882, the long system of railways in the Deccan demands all the help in feeders that we can give it, and, above all, the power of tiding over threatened distress by affording timely labour to the ryots is an essential condition of our capacity to realise the large contribution which the Government of India expect in Land Revenue and Excise.

6 I have avoided all reference to the administrative aspect of the Committee's proposals, and at the same time have omitted my objections to any tampering with the whole system of Revenue officers. All power for good rests on the power of the purse, and the money spent by a Local Government is money spent by the most qualified agency for the empire at large. Reduced means are equivalent to a reduced power for good, and if this reduction is a necessary evil, I can only hope that it will be but a temporary necessity.

KOLHAPUR,
The 9th October 1886.

W LEE-WARNER.

The Future Provincial Contract with Madras

Preliminary

CHAPTER VII

THE FUTURE PROVINCIAL CONTRACT WITH MADRAS

[Figures entered thus,—2,08—without designation, mean thousands of Rupees]

PRELIMINARY

In Appendix No V to this Volume will be found a full account of the history of the working of the Madras Contract during the last five years, taking the Estimates for 1886-87 as actual figures. The following table presents the same figures in a more condensed form —

Statement of the Provincial Revenue and Expenditure in Madras from 1882-83 to 1886-87

	REVENUE						EXPENDITURE				
	CIVIL			PUBLIC WORKS		TOTAL	CIVIL	PUBLIC WORKS			TOTAL
	Special Grants	Principal Revenue Heads	Other Departments	Ordinary	Irrigation Net			Ordinary	Interest on Railway Capital	Capital Expenditure	
1	2	3	4	5	6	7	8	9	10	11	12
Average Assignment		2,00,60	17,69	1,78	—2,13	2,17,74	1,96,57	18,98			2,16,50
1882-83	6,50	2,09,35	17,91	79	—2,12	2,32,43	1,98,59	21,86		1,08	2,21,03
1883-84	2,50	2,13,60	16,70	1,47	—2,77	2,30,40	2,04,16	24,99		1,69	2,30,68
1884-85	5,00	2,12,62	16,96	1,09	—3,92	2,30,65	2,09,39	29,72		1,24	2,40,35
1885-86 (Revised)	5,00	2,26,65	16,22	1,12	—5,70	2,43,19	2,09,44	24,64		1,60	2,35,68
1886-87 (Budget)	6,00	2,25,34	16,93	1,10	—4,12	2,43,25	2,13,60	24,66	50	1,45	2,40,20
Total of the five years	24,00	10,87,26	81,72	5,57	—18,63	11,79,92	10,35,18	1,25,30	50	6,96	11,67,94
Five times average Assignment	...	10,02,60	87,95	8,90	—10,65	10,83,70	9,82,85	94,65			10,77,50

N B.—For an explanation of the mode in which the above figures are arrived at, see paragraph 10 of Chapter II, page 14

2 The revenue of the Province exceeded the assignment by 91 lakhs, or, omitting the 24 lakhs of special grants, by 67 lakhs. Financial history of the five years. The Revenue-producing heads showed an increase of 85 lakhs, Land Revenue (chiefly the collection of Famine arrears) brought in an increase of eleven lakhs, Excise of thirty-five, Forests of thirty-one, but there was a decrease in the receipts in other Civil Departments, as well as in the receipts from Public Works and from Irrigation. On the other side the expenditure has been 90 lakhs in excess of the assigned figure 52 lakhs under Civil Departments (chiefly Forests, Land Revenue, Education, and Medical) and 31 lakhs under Ordinary Public Works, and 7 lakhs have been spent as Capital on the construction of works, chiefly the Madras water-works, the expenditure on which was refunded to Imperial during the term of the Contract, and was shown in the accounts by reduction of the Provincial share of the Land Revenue. The revenue of the current year (excluding the special grants) exceeds that of the first year of the Contract by $12\frac{1}{4}$ lakhs, and the Budget of the year shows a surplus of 3,05(a) over the expenditure of the year.

(a) This differs from the surplus shown in paragraph 312 by 1,32, the amount of the Tanjore survey refund. The Tanjore survey grants and the refunds of them cancel each other for the whole term, and have therefore been neglected in this account.

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3 The total revenue of the five years has been 12 lakhs in excess of the expenditure, and as the Province at the beginning of the State of the Provincial balances Contract had an opening balance of 17 lakhs, it would have ended the five years with a balance of 29 lakhs but for the contribution of 6 lakhs recently made to the Imperial Treasury Its actual balance on 1st April 1887 is expected to be 23 lakhs of rupees

4 We commenced our sittings at Madras on September 22nd and were then joined by our local colleagues, Mr J H Garstin, Enquiries at Madras C S I, and Mr H E Stokes, who assisted at all our enquiries and deliberations The permanent members of the Committee desire to record their sense of the very great advantage they derived from the assistance given them by the local members, and of the cordiality with which all Heads of the departments and other officers consulted co-operated with them in supplying the information which the Committee required On October 5th the Committee met the Government of Madras in conference, and discussed with them the heads of the proposed reductions which they had previously submitted The remarks contained in this Chapter as to the agreement of the Madras Government with certain of these proposals, and as to their objections to others, refer to the opinions communicated to the Committee on that occasion

5 We proceed to examine the expenditure and estimates in detail Our examination is mainly based on the figures of the Budget of 1886-87, but it will be understood that, where Where Budget figures now accepted, figures of Revised Estimates will ultimately be substituted we accept those figures, we do so subject to any modification of them which the Revised Estimates may show to be necessary

LAND REVENUE

6 Revenue —The receipts of Land Revenue, reckoned by the financial year, have been very irregular Receipts irregular Moreover, they include about fifty lakhs of exceptional arrears, the collection of which is now almost completed It becomes necessary, therefore, to examine the figures in detail, in order to make an estimate of the probable amount to come in in future

7 The following statement is an account of the demand and collection of Demand and Collection Land Revenue for four years —

Year ending	Gross demand	Remitted at yearly settlement See para 12	Net demand for realisation	Collected	Balance passed to arrear account
1	2	3	4	5	6
30th June 1882	R 4,77,53	R 31,63	R 4,45,90	R 3,92,26	R 53,64
„ 1883	4,83,41	31,43	4,51,98	4,18,85	33,63
„ 1884	4,90,59	27,80	4,62,79	4,41,39	21,40
„ 1885	4,87,04	48,78	4,38,26	4,14,16	24,10

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Land Revenue

Arrear account

8 The following shows the arrear account for the same years —

Year ending	Arrears brought forward	Received from demand account	Other items	Total amount for realisation	Collected	Written off	Balance
1	2	3	4	5	6	7	8
	R	R	R	R	R	R	R
30th June 1882	48,88	55,15	1,45	1,05,48	54,76	10,74	39,98
" 1883	39,98	53,64	26	93,88	52,22	23,46	18,20
" 1884	18,20	33,63	76	52,59	31,86	11,77	8,96
" 1885	8,96	21,40	36	30,72	20,82	5,17	4,73
" 1886	4,73	24,10		

Total realisations of *Fasli* years 9 These figures give the total realisations at—

Year ending	Current	Arrear	Total
1	2	3	4
	R	R	R
30th June 1882	3,92,26	54,76	4,47,02
" 1883	4,18,35	52,22	4,70,57
" 1884	4,41,39	31,86	4,73,25
" 1885	4,14,16	20,82	4,34,98

Realisations by financial years 10 The figures of the finance accounts are as follows —

—	First three months	Last nine months	Total financial year	Giving the following totals for year ending
1	2	3	4	5
	R	R	R	
1881-82	1,31,22	3,26,30	4,57,52	30th June 1882 " 1883 " 1884 " 1885
1882-83	1,20,78	3,50,39	4,71,17	
1883-84	1,20,60	3,53,52	4,74,12	
1884-84	1,20,02	3,17,55	4,37,57	
1885-86	1,17,99	3,60,64	4,78,63	
				4,47,08 4,70,99 4,73,54 4,35,54

11 These last figures exceed by about R30,000 a year the figures based upon the revenue accounts, but we may accept the revenue accounts as correct, since they agree pretty closely with the finance accounts, both in their totals and in their variations from year to year

12 The system, under which the annual effective demand is fixed, is this —The Revenue Inspectors first send in through the Tahsildars the result of their enquiries into the alleged failures of the crops The higher District staff are then engaged in making enquiries into all cases where remissions are recommended, and by the end of May of each year they have finished examining the gross demand of the year, which is now a total of 485 to 490 lakhs of rupees, and admitting claims for remission These remissions amount, excluding years of calamity, to about 30 lakhs, and thus the realisable demand is placed at 455 to 460 lakhs

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13 The remissions are of three kinds (1) Beriz deductions, that is, for the most part, alienations, or allowances paid in land, for village service, or in commutation of pagoda allowances, (2) "Fixed," that is, partial remissions made for a time to a holder whose revenue has been enhanced, so as to make the enhancement a gradual one, also, remission on account of irrigation by lift, and other kinds, (3) Seasonal remissions on the ground that no crop has been produced, these are almost entirely confined to wet lands and rarely affect dry crops. The first two classes of remissions vary very little, the last depends upon the nature of the season, and may be very largely increased in a year of calamity.

14 With regard to these "seasonal remissions," we have one suggestion to make. The principle of the present settlement is that the assessment is based on the average prices of twenty years past, with a large deduction from the average in order to meet the case of a failure of the crop. If the assessment were a full one for good years, it would be reasonable to remit it in bad years but since it is based on an estimate below that of average years, the logical conclusion is that a good year ought to pay for a bad one, and that the ryot ought not to get a remission on account of a failure of his crop. We think the Madras Government might be asked to reconsider the question of the propriety of making these remissions in the districts which have come under settlement.

Demand of past eight years

15 The actual figures for past years are—

Revenue Year (Fash)	Gross demand	Beriz deductions	Fixed deductions	Balance of demand	Seasonal remissions	Realisable demand
	R	R	R	R	R	R
1288	4,90,52	13,49	1,05	4,75,98	14,87	4,61,11
1289	4,85,99	16,16	94	4,68,88	14,33	4,54,55
1290	4,80,65	16,36	88	4,63,41	10,60	4,52,81
1291	4,77,53	17,11	2,27	4,58,15	12,25	4,45,90
1292	4,83,41	18,11	2,05	4,63,25	11,27	4,51,98
1293	4,90,59	18,12	2,43	4,70,04	7,25	4,62,79
1294	4,87,04	18,42	2,26	4,66,36	28,10	4,38,26
1295						4,64,62

16 In the earlier years noted in this statement the "seasonal remissions" included items which, under the more accurate classification afterwards adopted, passed under the other heads.

17 After all remissions, we have, omitting one year of comparative drought, Fash 1294 or 1884-85, an average realisable demand in ordinary years of 4,56,25.

18 This being taken as the ordinary realisable demand, it appears from the statistics of past years that it is all collected except about 1,70, which is eventually written off as irrecoverable. The recent "writes-off," as noted in column 7 of the statement in paragraph 8, have been much more heavy, but that arose from writing off the large arrears brought forward from the famine time, that is, they were not remissions of current arrears, and now that the arrear account has been almost wiped out, and collections very well brought up to date, these large figures will certainly cease. The five years before the famine (Fashis 1281 to 1285) showed an average of remissions of this class of R1,76,498, and last year, Fash 1295, similarly shows only R1,65,630. So that 1,70 is a fair amount at which to estimate the irrecoverable arrears for the future.

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19 We have therefore the realisable demand at 4,56,25, and the “writ-off” at 1,70 So that, apart from years of calamity, we may expect the accounts to show, taking year with year, a receipt of 4,54,55, and this is the figure we propose to take for the Contract As above noted, it is apparently safeguarded by miscellaneous receipts of about 30 that come into the accounts outside the Land Revenue proper

20 About years of calamity we propose the following supplementary condition, which we base on the statement in paragraph 15 above It is that, so long as the remissions at the yearly settlement do not exceed 40 lakhs, the burden shall fall in the fixed proportions both upon Provincial and upon Imperial, but that if they exceed that amount, the whole additional burden shall fall upon Imperial As the estimate of these remissions, for the purpose of the Contract, is about 30 lakhs, this means that, under the new system of the division of Land Revenue between Imperial and Provincial, the Provincial Government’s share of the loss of Land Revenue arising out of any calamity is limited to $2\frac{1}{2}$ lakhs

21 In ordinary years no action under this clause would be necessary, but we will suppose, for the sake of showing its working, that the year ending June 1890 is a year of calamity in which the total remissions come up to 48,78, as they did in 1884-85 The scarcity would probably affect the financial accounts of 1889-90, and if the Provincial Government could by November 1890 make an approximate estimate of the amount of remissions, they could get a grant “on account,” in time for entry in the accounts of the year affected. In any case, the revenue accounts are completely made up and declared by June 1891, and the transaction could be finally closed in that month by a grant from Imperial to Provincial, which, together with the grant “on account,” would make up the total of 8,78 (the excess over forty lakhs), and which would pass into the accounts of 1890-91

22 Our estimate of the revenue being thus taken on the average of the actuals of eight past years, it follows that our estimate of the Refunds of Land Revenue must, in order to correspond, be made in the same way The eight years’ figures, 1878-79 to 1885-86, are 1,44, 65, 1,37, 2,23, 2,10, 3,28, 1,51, 1,22, and give an average of 1,72

23 We have to recommend another special arrangement in the Contract with Madras Included in the “Land Revenue” is an item of “Fisheries” which refers to the proceeds of chank fisheries and of pearl fisheries The last have been suspended for a long time, but it is intended to resume them The business is entirely speculative, and it is just possible that now and again there may be very large realisations from them We think that it would be advisable to make a special provision that, in each year, up to a gross revenue of five lakhs, the net profit upon pearl fishery (as distinguished from chank fishery) should be divided equally between Imperial and Provincial, but that above that amount the division of any receipts (which can only be casual and exceptional) should be considered and settled when the occasion arises

24 *Expenditure*—The cost of Collectors and their establishments during the four years of the Contract for which the Accounts are closed, has been 35,03, 35,17, 35,64, and 34,52 The Budget provides 35,12 The increase to the figure 35,64 was due to the provision for the new district of Anantapur and to the appointment of four additional

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Deputy Collectors, the decrease from 35,64 in 1884-85 to 34,52 in 1885-86 is due to the extent of about 77 to very large reductions made in the Revenue Process-serving establishments after the completion of the collection of the heavy annuities brought forward from the famine time, and, as regards the rest, to what may be considered a fluctuation in the charge for salaries. The Budget Estimate would therefore appear a probable one.

25 The expenditure here charged includes about Rs2,000 on account of subordinate medical officers attached to each Collector, Sub-Collector, Head Assistant, &c. We think this ought to cease in all but very exceptional cases. There is nothing peculiar in the circumstances of these officers in Madras, as compared with other Provinces, which necessitates their being provided, at Government expense, with special medical attendants, and with an average of about fifteen public dispensaries to each district, it can hardly be said that they and their establishments are exposed to any special dangers in being expected to tour without the attendance of a medical officer. The Surgeon-General has informed us that the medical staff, if relieved of these duties, can be employed elsewhere, and we therefore retrench 25 out of the 32 provided on this account.

26 We have not made any allowance, in fixing the Contract figure, for two schemes which involve considerable increase of cost. One of these is a proposal for the creation of three new districts, the other is known as Mr. Garstin's scheme for the improvement of the position of the Subordinate Revenue officials, which has been for some time under discussion, and which will, if it is sanctioned, cost 4½ lakhs.

27 There has been no chank fishery for the past year or two. Before that time the revenue used to be about 30, and the expenditure 10 or 12. The stoppage was meant to be temporary only, and the resumption of operations this year has justified it, in showing considerably increased collections. The Budget Estimate is 15, and may be accepted.

28 Rupees 15,000 is provided in the estimates for the Inam Commission, but the main work is now completed, and the remaining work of record is now in the hands of the Director of Revenue Settlement. Thus the Deputy Collector's allowance of Rs3,000 has ceased, and the amount provided for travelling allowance also ceases, for the most part, to be necessary. The Madras Government have consented to reduce the estimate from Rs15,000 to Rs10,000.

29 *Survey* — The expenditure of the Revenue Survey Department is as follows —

	1881-85	1885-86 (Revised)	1886-87 (Budget)
Superintendent, Deputy Superintendent, and Central Office	R 1,29	R 1,27	R 1,25
Survey parties (5)	5,51	5,30	5,60
Boundary pillars	1,52	22	48
Contingencies and miscellaneous	53	46	67
TOTAL	8,85	7,25	8,00

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30 The salary of the Superintendent is R1,750 A Deputy Superintendent on R1,160 is in charge of the Central Office, Madras, the work of which consists mainly of supervising the returns of the work and expenditure of the Survey Parties, as well as the drawing, lithographic and photographic branches, and of keeping the records and stores of the department The Superintendent's work is that of general supervision, and he has spent 99 days on tour, on an average, during late years We have made some further remarks regarding this post under Settlement (*vide* paragraph 40) We have some doubts whether the Central Office need be as strong as it is, but we propose to refer the question for technical criticism to the Surveyor-General of India, and we will, if necessary, submit a separate Note (a) on the subject

31 There are five Survey Parties, whose average cost is said to be about R1,10,000 per annum Their average composition is shown in the margin. They do not differ materially in cost or composition from the ordinary Cadastral Survey Parties of Northern India, and we have no suggestion to make regarding this part of the subject, except that the employment of Natives in positions subordinate to the Deputy Superintendent might be more largely carried out The Madras Government inform us that they agree in this view, and are prepared to appoint a Native on two-thirds of the ordinary salary, to every alternate vacancy in the Assistant grade

32 The average area surveyed by each of these five Parties is said to be from 400 to 600 square miles annually,—the smaller area if the country is irrigated, and the larger area if it is dry This is a lower average than is usually accomplished in Northern India by a Cadastral Party For instance, we may mention that in the Bundelkhand districts of the North-Western Provinces, where the character of the land may be compared with that of Bellary and Anantapur, the area surveyed yearly was about 800 square miles, and the cost about R150 a mile In the Kamrup district of Assam again, where the cultivation is almost entirely rice, and the fields surveyed were below an acre apiece, the average area has been about 450 square miles, and the cost of survey and settlement combined about R400 per square mile In Tanjore, which somewhat corresponds to this, the Survey has abandoned the attempt to measure and plot each field, but clubs them together in blocks which may be as large as four acres Yet the cost is expected certainly to exceed R600 per square mile, and the area thus surveyed has been up to date only 162 square miles The department has in the two years, 1884-85 and 1885-86, surveyed cadastrally 3,444 square miles at a cost of R14,75,000, which gives an average of R428 per square mile, but a part of its time has been diverted to topographical work, so that the cost of cadastral work proper has not been really so great as this

33 The following forecast, which has been given of the work of the Survey Department, shows how greatly it has lingered up to the present time Take the case of Tanjore, where two Parties are at work and 162 square miles have been done If the work were carried on as in Northern India, a single Party would finish the three taluks of

(a) This intention was not carried out before the dissolution of the Committee

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Tanjore, Kumbakonam, and Májavaram in 1887, Nannilam and Negapatam in 1888, and another Party would survey the remaining four taluks in the same two years. Thus, the survey would be finished in 1888, and the settlement, if two Parties were sent in, would assess half the district in 1888 and the other half in 1889.

Forecast of Revenue Survey Operations

District	Taluk	Area in square miles	Survey		Remarks
			Commencement	Completion	
Vizagapatam	Golconda	265	1885	1887	
	Sarvasiddhi	319	1886	1888	
Bellary	Hospet	411	1883	1886	
	Bellary	808	1883	1887	
	Káddiga	723	1884	1888	
	Hurimahadgalli	537	1886	1889	
	Ráyadrug	733	1887	1891	
	Harpanahalli	611	1887	1891	
Anantapur	Anantapur	789	1888	1892	
	Hindupur	481	1889	1892	
	Madakasira	499	1890	1893	
	Dharinavaram	1,226	1890	1895	
South Arcot	Chidambaram	373	1885	1887	The work begun in 1882 was not a Cadastral, but an Irrigation survey. There has been some delay and expense through altering the system.
Tanjore	Tanjore { North Delta	225	1882	1887	
	{ South, Upland	264	1886	1890	
	Kumbakonam	260	1883	1888	
	Mayavaram	264	1883	1889	
	Nannilam	273	1884	1890	
	Negapatam	216	1886	1891	
	Shiyáli	145	1884	1887	
	Mannárgudi	212	1881	1888	
	Patukóta	277	1887	1889	
	Tiruturaipánda	434	1888	1891	
Malabar	Wyanad	214			
	Palghát	374			
	Chirakal	328			
	Kurumbanád	118			
	Kóttayam	169			
	Calicut	169			
	Ernád	481			
South Canara	Walawanád	339			From the experience gained in Palghát, it is not yet possible to frame any reliable estimate for Malabar and South Canara. But it is thought that if work progresses satisfactorily in these districts the survey will be completed in 1900.
	Ponáni	301			
	Coondapoor	295			
	Udipi	496			
	Mangalore	512			
	Uppinangadi	592			
	Kásaragóda	617			

34. We think a careful enquiry should be made into the causes of the slow

Enquiry suggested as to progress which is being made. One of these causes slow progress made appears to us to be the various interruptions which are allowed or ordered. The first, or proper, work of a Party is the cadastral survey of one or more ryotwari taluks on the 16-inch scale, while such Zamindari and Agraharam tracts as fall within the area are at the same time mapped topographically on the 4-inch scale, but this work is not infrequently interrupted by various other duties. The Survey Parties have in some cases been employed

Extraneous duties should not be assigned to the Survey Parties

hitherto on topographical work in Hill tracts, but this will in future be taken over by the Government of India Survey Department. Besides this, they have frequently been called on to undertake special isolated tasks—the cadastral survey of

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a salt factory, or of a Municipality, or of an escheated estate, or re-demarcation when the stones have been washed away or were not originally put up, or the survey of a tract which was formerly waste and is now cultivated. For all these tasks (some of them only half a square mile in area) parties have to be detailed to a distance, and much time is lost in travelling and supervision, and the main work of the Survey is delayed. We are informed that in all the cases brought to our notice the work might have been given to a local Surveyor or Engineer, or might have been postponed as not urgent, and we recommend that, as far as possible, this be done in future, and that the main work of the Survey, which is to prepare for the introduction of a revised assessment of the revenue, be as little interfered with as possible.

35 Another cause of delay is the want of concentration of the Parties, even as regards their proper work. Thus, there are two Survey Parties at work now in the Tanjore District: one is engaged with five taluks, one with three, besides other work elsewhere, and though the Survey has been in hand since 1882, not a single taluk is yet completed. The custom elsewhere is to set a Party to work in one taluk or in such part of two as may be comprised in a single traverse, and to finish that out of hand, making the records over to the Settlement Department, which follows close on the heels of the Survey. We think this system might with advantage be adopted in Madras.

36 The third chief cause of delay (which is partly also accountable for the dissipation of the Parties over such large areas) is the system of requiring that the entire demarcation of the fields be completed before the Survey is begun. This demarcation costs, we are told, from Rs 57 per square mile in Bellary to Rs 485 in the Nilgiris. The custom is to employ contractors to quarry and cut the stones and convey them to fixed depôts from which the ryots are expected to convey them to the fields, there is always some delay in carrying this out, and in the Tanjore District the delay has been so excessive that the average outturn of work will be perhaps as low as 200 square miles per annum, and the cost quite double that incurred elsewhere. We are informed that it is possible to adopt more strenuous measures for the planting of the stones, and we think that if it is absolutely necessary that they should be planted before survey begins, such steps should be adopted as will avoid the delay now caused, by which the cost of Survey is materially increased. But we also observe that in no other Survey is it found necessary to insist on this field demarcation as an initial measure. Excellent as the system is from a scientific point of view, it seems to us to be a counsel of perfection, and we think the system should be reconsidered, when it is necessary to carry on a Survey in order to obtain for the Government its rightful share in the assets of the land. Every year's delay in the Tanjore Settlement causes a loss to Government, which no one estimates at less than five lakhs of rupees, and which is perhaps more than ten lakhs.

37 A fourth cause of delay is the system by which the Survey is separated from the plotting, different sets of men being employed on the two branches of work. It is held that this supplies a useful preventive against "fudging" work, but it is not found necessary in Upper India or in Bombay, and it is admitted that it causes some delay and increase of cost. We think this question might be reconsidered, and

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we recommend either that an experienced cadastral officer be deputed from Northern India to explain the process there followed, in this and other respects, or else that the Superintendent of Survey, Madras, be deputed during the next cold weather to visit two or three of the Survey Parties in Upper India which are working under conditions most nearly approaching those of Madras, as, for instance, those in Gorakhpur and in Assam

38 We do not propose that the allotment for Survey should be cut down, except so far as economy may be produced by a larger employment of Natives and by a possible revision of the Central Office, and we retain the figure at the estimate for the present year, eight lakhs of rupees, subject to the Revised Estimate. But we think it should be urged upon the Madras Government to apply this expenditure as rapidly and exclusively as possible to the Cadastral Survey of Ryotwar land, the assessment of which is expected to produce a large increase of revenue. It should also be understood that the amount assigned for this purpose ought to be fully spent, and that the balance should not be diverted to other objects.

39 *Settlement*—The details of the Settlement expenditure are shown below—

	1884 85	1885 86	1886 87
	Rs	Rs	Rs
Director of Settlement	92	28	27
Four Deputy and three Assistant Directors	57	57	64
Clerks, Servants, &c	1,53	1,43	1,55
Contingencies and travelling allowance	24	21	30
TOTAL	2,60	2,52	2,76

40 The Director of Settlement receives Rs2,333 a month, and is also Director of Agriculture and in charge of the Inam Department and of the Land Revenue Irrigation accounts, but in the two latter capacities his work appears to be comparatively light. The Irrigation accounts business is almost entirely work for accountants and clerks, while the work of the Inam Department is chiefly mechanical. Under the new scheme it is proposed that he should be a Member of the Board of Revenue on Rs3,000 a month. Our suggestion with regard to this officer is that he should also have the Survey put under him, the post of the Superintendent of Survey being abolished. The Director of Settlement has five Settlement Parties to supervise, the Superintendent has five Survey Parties, and we think one officer should be able to supervise both sets, especially if, as we propose, their work can be brought closer together, so that the Settlement will follow within a year on the Survey, and after ground has been broken by the Survey in the first year, both Settlement and Survey Parties will be working together in the same district and in adjacent taluks. In the North-Western Provinces, no Director or Commissioner of Settlement has ever been appointed, though there have been times when Settlement was going on in eight or nine districts simultaneously, the Settlement Officers are subordinate only to the Member of the Board of Revenue who is specially in charge of this Branch. We doubt the need of any scientific or technical supervision of the Survey Parties on the spot, at least no such supervision is found necessary in any other Province, and the technical assistance required for the check-computations and the lithographic and photographic work can be provided by the Deputy Superintendent of Survey at the Central Office. The two

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branches of the work are so closely connected together that it seems to us desirable that they should be under a common head. For instance, the present Director informs us that, though the Survey has been at work for some years in Tanjore, he has not inspected the work and has no personal knowledge of how it is progressing. It seems possible that, when he comes to take up Settlement work there, he may find that the Survey has not done its work precisely in the manner most conducive to facilities of assessment, and it would probably be to the advantage of Government that he should be in a position to supervise and direct its procedure from an administrative, not a technical, point of view.

41 There are five Settlement Parties at work in Bellary, North Arcot (this is almost finished and the party is to move to Anantapur), South Arcot,

Settlement Parties

Madura, and the Wynaad. The four first Parties are under Deputy Directors, one of whom is a Colonel in the Army, while two are uncovenanted Europeans and one is a Native, the fifth party is under a special officer, a Civilian. The ordinary composition of a Party is as shown in the margin, costing about Rs. 40,000 a year, which, with travelling allowances and contingencies, comes to Rs. 50,000. The average work done by a Party is said to be 640 square miles of

Ordinary composition of a Settlement Party

	R
1 Deputy Director at	750—1,100
1 Assistant at	425—550
1 Ditto at	250
9 Clerks, 12 Servants, 1 Hospital Assistant in Deputy Director's office	615
3 Clerks in Assistant Director's office	65
Field Establishment—1 Supervisor	150
4 Head Classifiers at	30
30 Classifiers at	20
4 Gomastas and 37 Peons	

classification, or 350 of assessment, but the actuals vary very much, and these figures appear doubtful. What the actual rate of progress in Settlement is may be illustrated by the following statement regarding the district of North Arcot, which has just been finished —

Progress of Settlement

Statement showing the dates of commencement and completion of classification and introduction of new rates of settlement in the North Arcot District

Taluks	Area classified and settled	CLASSIFICATION		INTRODUCTION OF RATES	
		Commencement	Completion	Commencement	Completion
	Sq miles				
Chandragiri	83	July 1871	October 1874	October 1882	June 1883
Chittoor	262	February 1872	October 1874	May 1883	March 1884
Gudiyatham	221	April 1873	May 1876	June 1883	March 1884
Palmanér	112	May 1876	March 1877	October 1881	March 1885
Wallajah	333	December 1878	August 1879	June 1881	March 1882
Arcot	219	July 1879	December 1879	April 1882	February 1883
Vellore	164	April 1880	September 1880	February 1883	June 1883
Polar	250	August 1880	December 1880	March 1884	April 1885
Wandwash	351	April 1881	April 1882	May 1885	April 1886

N B—The classification of the first eight taluks was performed by Party No. II, and that of the last taluk by Party No. III.

The introduction of the new rates of Settlement in the Chandragiri, Chittoor and Palmanér taluks was carried out by Party No. I, and in the remaining taluks by Party No. II.

In the first four taluks demarcation and classification operations were carried out simultaneously.

During the years of famine the work was much interrupted owing to the officers belonging to the Settlement Parties being employed on famine duty.

42. This indicates very much slower progress than is common in any other

Work should be expedited

part of India, and though a part of the delay is due to the calamity of the famine of 1877-78, we think that steps should be taken to expedite Settlement. In Upper India a district of this

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kind would ordinarily be settled in three or four years, when once the Survey was done, *i e*, in four or five years from the date when Survey was begun

43 The following forecast of the working of the Settlement Department Forecast of Settlement operations was drawn up by the Officiating Director and submitted to Government on the 14th December 1885 —

District	Taluk	Area in square miles	PROBABLE DATES OF COMPLETION		
			Survey	Classification	Introduction of Settlement
	<i>Party No I</i>				
Bellary	{ Adoni	767	Completed	Completed	September 1888
	{ Alur	639	Do	Do	March 1889
Anantapur	Gooty	950	Do	December 1886	To be transferred to Party No II
Bellary	{ Hospet	381	January 1887	June 1887	September 1889
	{ Bellary	848	March 1888	March 1888	March 1890
	<i>Party No II</i>				
Anantapur	{ Gooty	950	Completed	Commenced by Party No I	September 1888
	{ Tadpatri	588	Do	March 1887	March 1889
	{ Penulonda	747	Do	December 1887	September 1889
	{ Anantapur	780	March 1888	March 1889	March 1890
	<i>Party No III</i>				
Madura	{ Palni	329	Completed	Completed	Completed
	{ Periyakulam	398	Do	Do	December 1886
	{ Dindigul	763	Do	Do	August 1887
	{ Melnr	360	Do	Do	April 1888
	{ Madura	330	Do	Do	December 1888
	{ Tirumangalam	423	Do	Do	June 1889
	<i>Party No IV</i>				
South Arcot	{ Cuddalore	417	Completed	Completed	March 1887
	{ Villapuram	472	Do	Do	September 1887
	{ Tindivanam	801	Do	Do	March 1888
	{ Tiruvannamalai	826	Do	Do	September 1888
	{ Kallakurichi	612	Do	December 1886	March 1889
	{ Tirulalur	446	Do	August 1887	September 1889
	{ Vridhachalam	153	Do	March 1888	March 1890
	{ Chidambaram	309	March 1887	March 1889	

44 It will be seen that the period elapsing between the completion of the Survey and the introduction of the Revised Assessment was estimated to be never less than two years,* and in some cases, although the classification had been completed, the new Settlement was not expected to take effect till two or two-and-a-half years later

45 The Government of India has already suggested that that part of the Suggestions for expediting Settlement work, which is known as classification of soils, might be carried out by the Survey Department, and if the two branches of work are placed under one head, we see no difficulty in effecting this, and the present Director agrees that it could, with a little trouble, be carried out. The second main part of Settlement work—the assessment—has been of late much facilitated by the adoption of the “Table of Rates,” which does away with the necessity of making crop-experiments on an extended scale. We think, therefore, it is a practical suggestion that the Settle-

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ment operations should in future be so arranged as to follow immediately on the Survey, and thus to bring in, at an earlier date than has hitherto been usual, the gain which accrues to Government from the revision of assessment. One objection which has been mentioned to us is that a "scheme of assessment" is not prepared till a large area, say, about 1,800 square miles or from a third to half a district, has been classified, but the Director of Settlement has informed us that he thinks that (especially since the "Table of Rates" has been introduced) the "scheme" might be prepared (as is done elsewhere) taluk by taluk, at least so long as the taluk is fairly homogeneous in its soils.

Anticipated gain by Settlement during period of new Contract

46 The amount which the Government expects to gain from revised assessments during the next five years is as follows —

DISTRICTS	In 1886-87	In 1887-88	In 1888-89	In 1889-90	In 1890-91	In 1891-92
	R	R	R	R	R	R
North Arcot	15	25	35	50	65	70
Madurai	5	10	20	30	40	50
South Arcot		10	20	40	80	1,00
Bellary			20	30	45	60
Anantapur			20	25	30	50
Vizagapatnam				5	10	20
Wynad		5	10	20	30	50
TOTAL	20	50	1,25	2,00	3,00	4,00

47 The Survey of South Arcot is finished except in two taluks, and yet the re-assessment will not begin to take effect till 1887-88. Loss by delay in operations. Two taluks of Bellary are done and two almost done, yet no increase will begin to come in till 1888-89. In Tanjore one taluk is nearly finished, and Survey is going on in eight out of the nine taluks, yet it is not anticipated that the re-settlement will begin to take effect during the currency of the next Contract. It will evidently be very much to the financial advantage both of the Local and of the Imperial Government to expedite the work of assessment. The five Settlement Parties ought to be able to work at least as fast as the five Survey Parties, and if they do, the re-assessment of the whole of Tanjore might be completed by the year 1889.

48 If, however, there is, of necessity, any great delay in completing the Settlement of a district which is known to be very much under-assessed, *e.g.*, Tanjore or Malabar, we would suggest that, in the meantime, a summary Settlement might be made on the basis of the village papers, so as to avoid the loss which would otherwise ensue to the Government treasury.

49. We do not propose any reduction in the number or cost of the Settlement Parties, though, if the work of Survey and Settlement could be more amalgamated (as in Northern India), it would result in transferring the field establishment to the Survey Branch, and might perhaps produce economy, but the main point we would urge is that more work should be done by the Parties and the districts be more speedily relieved of the Settlement operations. As to the Director's Central office, we notice that it is extremely strongly manned, and in this opinion the Director agrees. It consists of an uncovenanted Assistant at Rs500, a Manager at Rs200, sixteen clerks, five copyists and servants,—net cost about Rs20,000 a

The Future Provincial Contract with Madras

Salt Stamps

year We think the Assistant should be abolished or his pay reduced, and
Future allotment that, by amalgamation with the Immigration Accounts
Department, the cost might be reduced by at least
R6,000 a year The reduction will bring the grant for Settlement down to 2,70.

SALT

50 *Revenue (Provincial)* —The Provincial Revenue under Salt shows the following figures 25, 38, 45, 91, and Budget 1,37 This rapid increase during the last two years arises from a new item of receipt from manufacturers Under the old salt system the salt factories were the property of, and were maintained by, the Government, the manufacturers being allowed to manufacture for Government alone Now that the excise system has been introduced, anybody may set up a factory (under proper license), but to prevent the loss to Government of the money it has invested in the construction of canals and other works, the manufacturers in the already existing Government factories are made to pay interest at 5 per cent. on the estimated capital cost of the works It seems doubtful if new receipts, arising in an Imperial Department and in connection with a radical change of system in an Imperial source of revenue, should properly have been Provincial, but they are within the letter of the original definition of Provincial Salt receipts, though of course they were not contemplated at the time of the Contract There is no objection to their being reckoned Provincial in future, and they may be taken at the Budget Estimate of 1,37

51 *Expenditure* —No part of the Salt expenditure is Provincial (See under Excise, paragraphs 62—69)

STAMPS

52 *Revenue* —The Revenue under Stamps has continually increased, the figures being as follows —

	1882 83	1883 84	1884 85 ~	1885 86	1886 87, Budget
	R	R	R	R	R
Special copy stamps	52,08	1,54	1,68	1,91	1,81
Other revenue	52,08	54,71	54,81	57,09	56,19
TOTAL	52,08	56,25	56,49	59,00	58,00

53 The figures of the first line refer to certain special arrangements, of which the expenditure side will be found under Law and Justice, Civil Courts It is understood that the Madras Government have it in contemplation to reduce the copying fees on the ground that the profit made on copying is more than they think to be justified But even admitting that deduction, it would appear that the Budget Estimate may be taken as the standard of the revenue

54 *Expenditure* —The charges for Stamps include (1) Superintendence, (2) Charges for sale The first of these is taken in the Budget Estimate at R35,600, which appears to be somewhat excessive, the charges for contingencies having, in all recent

The Future Provincial Contract with Madras

Excise

estimates, been placed at about R8,000 against an expenditure of R5,000 or R6,000. The Madras Government inform us that, as soon as certain arrangements in connection with Excise in the Town of Madras are carried out, in all probability before April 1st next, they will be able to abolish the separate appointment of Superintendent of Stamps and Stationery, conjoining it with that of the Collector of Sea Customs and of the Madras district. This will procure a saving of R12,000 under this head, and we may take the whole estimate at R22,000.

55 The charges for sale stand in the actuals of 1885-86 at 1,31, and in the estimates of 1886-87 at 1,24. It seems a little doubtful if sufficient provision is made in this last figure. The rates of discount allowed are, for the most part, 5 per cent and 3 per cent on the sales of non-judicial, and $1\frac{1}{2}$ and 1 per cent on those of judicial, stamps, and the charges in the past have always exceeded 1,30.

56 The figures, however, include three salaried vendors at the High Court and Small Cause Court in Madras. The salaries of these men are R150, R80 and R60 (a total of R3,480 a year), which appear to us far too high, considering that the work requires no sort of skill, and that, though the men deal with matters of value, the check over the business is simple and complete. The Government of Madras are prepared to reduce by one-half the cost of the vend at these places, but as the estimate is probably already too low, we do not at present reduce it further on this account.

57 Our estimate for the whole head is R22,000 for the first part and R1,24,000 for the second, total R1,46,000.

EXCISE

58 *Revenue* —The Budget figure is 84,80. In January last it was anticipated that there would be some falling-off as compared with 1885-86, and moreover that an item of 1,80 in connection with the excise of Madras Town would be omitted from both sides of the account. There seems to be little doubt that the estimate of 84,80 will be exceeded, and it is only accepted pending the Revised Estimate.

59. Part of the country spirit consumed in Madras Town is imported from Colombo, and the duty upon it is thus credited under Customs, not under Excise. The amount imported is gradually falling off, as locally-manufactured spirit is taking the place of Colombo arrack. The estimate of import duty made this year was R4,00,000 (on a hundred thousand gallons of London Proof strength), but it is not likely to be realised. It seems to us that it should be arranged that the import duty upon this particular spirit should, during the short time for which its import is likely to last, be dealt with as Excise, estimated on the basis of the actuals (or revised) of 1886-87, and taken as part of the Excise revenue for the purpose of the new Contract.

60 The revenue from opium is raised in two ways. First, as regards the import of opium into the Presidency —The pass-fees levied at Indore or Bombay (whence the opium all

The Future Provincial Contract with Madras

Excise

comes or ought to come) are remitted to Madras either by hundi, or by transfer receipt Secondly, the monopoly of vend within a prescribed area is sold

61 There seems to us to be a defect in this system in its not providing any security that the monopoly-holder imports his opium in the authorised way He has a direct inducement to smuggle it if he can, and the facilities for smuggling are considerable along the long frontier of the Nizam's territory We would suggest to the Madras Government the plan adopted in the North-Western Provinces, of making the monopoly-holder guarantee a certain amount of consumption, and seeing that he really, by pass-fees or otherwise (in the North-Western Provinces it is by purchase of opium from the treasury), makes up the prescribed quantity of duty-paid opium

62 *Expenditure*—The Salt and Excise Departments have been combined since 1885-86, and the expenditure is now in many respects conjoint, being shown in the Budget of 1886-87 against Salt only It is therefore necessary to define with some precision the manner in which the expenditure should in future be divided between the two heads, one of which is Imperial and the other partly Provincial

Distribution of Expenditure

63 The accounts show us for Excise—

	1881 82	1882 83	1883 84	1884 85	1885 86
	R	R	R	R	R
Revenue	64,84	64,58	66,12	77,33	88,26
Expenditure	1,86	1,97	1,99	2,32	3,55
And for Salt—					
Revenue	1,47,29	1,39,09	1,38,55	1,37,99	1,44,82
Expenditure	13,28	15,23	16,07	16,32	12,89

64 The figures detailed in the next page, which we have compiled with the aid of the Commissioner, show how the Excise accounts for 1885-86 were made up out of the accounts of the combined Department, and it should be understood that they will be thus compiled in the future The summary of the figures is as follows —

	1884 85	1885 86	1886 87, Budget	1886 87 Present Estimate
	R	R	R	R
Salt—				
General charges of the combined Departments	9,02 0	9,77 7	12,23 5	11,81 0
Deduct chargeable to Excise		1,03 0	1,62 0	1,54 3
Net	9,02 0	8,74 7	10,61 5	10,26 7
Add special Salt charges	7,30 6	4,14 1	3,41 6	4,31 8
Total, Salt	16,32 6	12,88 8	14,03 1	14,58 5
Excise—				
Special Excise charges	2,30 4	2,52 6	95 0	1,00 0
Excise portion of general charges		1,03 0	1,62 0	1,54 3
Total, Excise	2,30 4	3,55 6	2,57 0	2,54 3

The Future Provincial Contract with Madras

Excise

Statement showing the new distribution of Salt and Excise Charges

	1884-85	1885-86		BUDGET ESTIMATE, 1886-87		PRESENT ESTIMATE FOR 1886-87		REMARKS																																	
		Total	Deduct Excise share	Total	Deduct Excise share	Total	Deduct Excise share																																		
A—General Charges	R	R	R	R	R	R	R																																		
Commissioner	39 0	37 5	6 3	34 6	5 8	29 3	4 9	The figures of 1884-85 have been taken as follows— Total 1884-85 from the Salt Report page 77 Excise Report from the Finance and Revenue accounts The figures of 1885-86 have been taken from the Salt Report in this way— The Salt Report page 83 gives under each head the sum of A, B and C but the Salt Commissioner has given us separately the figures of Part C and by deducting these from the Salt Report figures we get those of the second column in Parts A and B The Excise share of the General charges is calculated as follows— Down to Sub Inspectors taking each head namely — <table><tr><th colspan="3">PER Mensem</th></tr><tr><th>Salt</th><th>Excise</th><th>Total</th></tr><tr><th>R</th><th>R</th><th>R</th></tr><tr><td>Commissioner</td><td>2 500</td><td>500</td><td>3 000</td></tr><tr><td>Deputy Commissioners</td><td>2 720</td><td>1 012</td><td>3 732</td></tr><tr><td>Assistant do</td><td>5 050</td><td>650</td><td>5 700</td></tr><tr><td>Inspectors</td><td>14 050</td><td>1 850</td><td>15 900</td></tr><tr><td>Assistant Inspectors</td><td>7 400</td><td>2 675</td><td>10 075</td></tr><tr><td>Sub-Inspectors</td><td>8 210</td><td>3 160</td><td>11 370</td></tr></table> The proportions and the resulting calculation, will of course vary from time to time The clerks, servants and guards are similarly divided between the two heads	PER Mensem			Salt	Excise	Total	R	R	R	Commissioner	2 500	500	3 000	Deputy Commissioners	2 720	1 012	3 732	Assistant do	5 050	650	5 700	Inspectors	14 050	1 850	15 900	Assistant Inspectors	7 400	2 675	10 075	Sub-Inspectors	8 210	3 160	11 370
PER Mensem																																									
Salt	Excise	Total																																							
R	R	R																																							
Commissioner	2 500	500	3 000																																						
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Assistant Inspectors	7 400	2 675	10 075																																						
Sub-Inspectors	8 210	3 160	11 370																																						
Deputy Commissioners	32 2	29 8	1 6	17 2	1 15	38 2	12 7																																		
Assistant do	60 5	71 5	6 5	87 6	7 8	81 7	7 1																																		
Inspectors	1,25 4	1,35 8	9 2	2,02 2	22 0	1,74 5	17 6																																		
Assistant Inspectors	90 5	1,21 6	30 6	1,35 3	31 7	1,34 5	31 8																																		
Sub Inspectors	75 3	92 1	19 2	1,32 8	36 1	1,25 3	33 3																																		
Clerks	59 2	3,99 7	20 8	5,01 4	33 1	4,89 2	32 5																																		
Servants and guards	3,42 5																																								
Travelling allowances	40 0	49 6	5 2	51 8	6 9	69 0	9 0																																		
Postage and telegrams	10 2	11 0	1 2	13 3	1 8	13 4	1 8																																		
Miscellaneous	27 2	29 1	2 5	17 3	2 3	26 9	3 6																																		
TOTAL	9,02 0	9,77 7	1 03 0	12,23 5	1,62 0	11,81 0	1,54 3																																		
B—Special Salt Charges																																									
Sulphure Amms				7 3		6 1																																			
Fish-curing establishment				9 3		5 5																																			
Temporary establishment for guarding pans, &c	38 7	46 6		76 8		65 5																																			
Compensations						1 00 0																																			
Rewards	18 8	21 5		22 5		22 7																																			
Petty construction and repairs	67 4	55 1		74 1		79 1																																			
Rents and rates	2 6	2 9		3 9		3 6																																			
Destruction of spontaneous salt	1 4	9		2 6		1 3																																			
Salt storage works	30 2	19 8		9 1		18 0																																			
Conveyance of salt	81 2	25 3		4 0		5 1																																			
Purchase of salt	4,30 5	1,47 4		48 6		54 9																																			
Salt weighing machines	2 7	26 4		7 9		4 4																																			
Miscellaneous	57 1	67 9		75 5		65 6																																			
TOTAL	7,30 6	4,14 1		3,41 6		4 31 8																																			
C—Special Excise Charges																																									
Collectors establishments	17 7	16 9		11 8		12 8																																			
Madras Town do	21 8	22 0		19 8		19 9																																			
Central Office do	2 9	12 5		17 6		11 5																																			
Travelling allowances	8					3																																			
Postage and telegrams	3	5		1 1		1 3																																			
Rewards	1	1 1		1 9		9 4																																			
Registration charges	3 3	3 7		4 8		6 1																																			
Europe stores		7 1																																							
Miscellaneous	5 4	3 2		10 0		11 2																																			
Purchase of spirit	1 77 1	1,77 8		20 0		17 5																																			
Compensation to Municipality		7 5		8 0		7 0																																			
TOTAL	2,30 4	2,52 6		95 0		1,00 0																																			
GRAND TOTAL	18,63 0	16,44 4		16,60 1		17,12 8																																			

65 This gives us 16,60 1 for the total Budget Estimate of 1886-87 for both heads. Of this amount 16,25 0 have been provided under "Salt" in the Madras Estimates, and 35 1 under the same head in the Bengal Estimates

The Future Provincial Contract with Madras

Excise

66 At the time the Budget Estimates were drawn up, the principle, on which the division should be made, had not been decided, and nothing whatever was shown in the accounts against Excise. The Estimates, however, taking the Excise share of the common expenditure at 2,45, provided for half this amount, or 1,22 as a contribution from Provincial to Imperial, but, as is shown by the more accurate division now made, the contribution should have been half of 2,57. The Government of India have, however, recently directed (F D 1371, dated 14th June 1886) that the charges for Excise should be passed across to the head of Excise, instead of being adjusted by contribution, and we presume that the plan of taking part of the Salt charges into the Bengal Estimates, which is both inconvenient and unnecessary, will be discontinued, and that they will remain entirely in those of Madras.

67 The Budget Estimates, therefore, which now show—

	R
Madras Estimates, Salt	16,25 0
Bengal " "	35 1
	<hr/>
TOTAL	16,60 1
	<hr/>

would, if constructed on the plan now set forth, show—

Madras Estimates, Salt	14,03 1
" " Excise	2,57 0
	<hr/>
TOTAL	16,60 1
	<hr/>

68 Except in one respect, the figures of the Budget of 1886-87 may be taken as measuring the completed reorganisation of both Higher grades of certain classes of officers not filled up departments. That one respect is that, the department being new, the higher grades of Inspectors and Sub-Inspectors are not yet filled up, but they will be filled up, and a slight increase of expenditure will be caused, in future years. The Budget Estimates, under Head A, General Charges, in providing for the full scale, provide, it will be seen, for a higher rate of charges than is at present being actually incurred. The part of the increase, that will in future fall upon Excise, is so small that it may be left to be covered by increase of revenue without any special arrangement.

69 As regards the expenditure, we have not here to deal with the figures of the Salt Department as such. We accept the fact of the re-organisation of the department and the increase of expenditure from 13,28 in 1881-82 to 16,32 in 1884-85, during which years the monopoly system, under which Government made and sold its own salt, was being supplanted by the excise system, under which the makers can sell to whom they please, provided they pay duty before removing the salt. In 1884-85 the Salt Department took charge of the Excise, and a new system was also introduced into it.

70 The expenditure under Excise used to be composed of merely 1,80 for purchase of country spirit in Madras Town, and of about 20 for establishments there, the system in the Interior being one of vend of monopolies, to which no special expenditure was attached. A regulated distillery system has now been introduced, that is, distilleries are established by licensed distillers, to which

The Future Provincial Contract with Madras

Customs Assessed Taxes

the department supplies guards, and thus the expenditure side shows a considerable increase. In 1885-86 we had both the new expenditure upon distilleries and the old system of purchase of spirit in Madras Town, but in 1886-87 this latter system has ceased, and spirits pass into consumption without being purchased and re-sold by Government. The questions involved in the expenditure are therefore pure questions of Revenue administration, and as the revenue has very greatly increased, the comparatively small increase of expenditure is amply justified.

CUSTOMS

71 *Revenue (Provincial)* — Actuals 1885-86, 23, Budget 1886-87, 27. The petty rents and miscellaneous receipts credited to Provincial under this head have decreased of late years owing to the transfer to the Madras Harbour Works authorities of a portion of the Customs yard free of charge. The Budget figure is taken.

72 If our proposals in paragraph 59 are approved, the Imperial Customs Revenue will be to a certain extent affected.

73 *Expenditure* — The expenditure since 1881-82 is shown in the margin.

	R	
1881-82	2.33	The decrease since 1881-82 is due to the abolition since
1882-83	1.35	1882 of the majority of the customs duties and to con-
1883-84	1.70	sequent reduction of the establishments, and to the
1884-85	1.60	transfer from this head to that of Land Revenue of
1885-86	1.63	one-third of the pay (28) of the Collector of Sea Cus-
1886-87, Budget	1.68	toms, who is also Collector of the Madras district. The question of the neces-

sary strength of the establishment is now again under consideration, and the Board of Revenue have proposed reductions aggregating Rs. 088 per annum. It appears also that in the Budget of 1886-87 the office and miscellaneous expenses of the Madras Custom House were over-estimated by at least Rs. 2,000, and that some further reductions, the amount of which does not appear, are possible in the South Canara and Malabar districts. On the whole, it seems clear that a saving of not less than Rs. 10,000 per annum may be expected, and we have therefore taken the future expenditure at 1.58 in framing the Contract. This will in future be classed as Imperial with reference to the Government of India letter, Financial Department, No. 2187, dated 26th July 1886.

ASSESSED TAXES

74 *Revenue* — The assessments under the new Income Tax are not far enough advanced to enable us to say at what figure the proceeds should in future be placed, and we therefore for the present take the figures of the Budget Estimate.

75 *Expenditure* — The expenditure this year is estimated at Rs. 80,000, and the Board of Revenue state that they cannot reduce it below Rs. 30,000 in future. We consider this a somewhat high figure, for the Collectors seem to us to be estimating for unnecessarily large clerical establishments. But in the face of the Board's decided opinion, we are not disposed to recommend a reduction, especially as we believe that recent inquiries have shown that there is room for greater energy in the administration of the tax.

The Future Provincial Contract with Madras

Forests

FORESTS

76 The Forest Department accounts up to 1884-85 do not exactly agree with the published accounts, but as the figures are not greatly different, we may, for practical purposes, take the Departmental accounts as correct. They are as follow —

Northern Circle

	1882 83	1883 84	1884 85	1885 86	1886 87
					Budget
REVENUE					
Removals by Government Agency—	R	R	R	R	R
Timber	03	46	93	65	1,08
Firewood	38	61	58	79	89
Firewood, &c, removed by consumers	2,05	2,66	3,56	3,69	3,38
Other revenue	23	40	80	33	25
TOTAL	3,59	4,13	5,37	5,46	5,60
EXPENDITURE					
Removals by Government Agency—					
Timber	29	29	33	22	42
Firewood	25	17	39	43	32
Removals by consumers	3	7	13	21	28
Communications, &c	1	33	17	12	39
Plantations and Protection	43	39	39	35	35
Other Conservancy charges	23	52	45	46	74
Conservators and Superior Officers	33	90	93	93	99
Other Establishment charges	91	5	1,08	1,30	1,55
TOTAL CHARGES	2,51	3,02	3,87	4,02	5,01
SURPLUS	1,38	1,11	1,50	1,44	56

Southern Circle

	1882 83	1883 84	1884 85	1885 86	1886 87
					Budget
REVENUE					
Removals by Government Agency—	R	R	R	R	R
Timber	1,43	1,10	1,41	1,35	1,83
Firewood	14	13	27	31	41
Grass, &c	10	55	29	13	50
Removal by Consumers	3,03	3,33	3,92	4,39	4,53
Other Revenue	45	35	36	31	23
TOTAL	5,15	5,46	6,95	6,52	7,50
EXPENDITURE					
Timber, &c, removed by Government	28	27	29	37	75
Ditto by Consumers	18	18	31	43	57
Communications, &c	18	23	30	21	44
Plantations and Protection	43	38	50	53	73
Other Conservancy charges	69	83	69	80	1,27
Conservator and Superior Officers	87	97	1,03	1,16	1,13
Other Establishment charges	1,22	1,57	1,85	1,85	2,18
TOTAL CHARGES	3,85	4,43	4,97	5,35	7,06
SURPLUS	1,30	1,03	1,38	1,17	44

77. The above figures show in both the Circles of the Presidency a continual increase of revenue and of expenditure. The Budget figures of 1886-87 are drawn up on too cautious a scale and the final result will no doubt be more favourable than the figures above set forth.

The Future Provincial Contract with Madras

Registration

78 The Department has been for some years following the lines of forest Department recently re- conservancy laid down by Dr Blandis in 1882, and the work has to a large extent been of a preliminary nature. Establishments have been organised, new districts occupied, forest tracts selected, and settlement commenced. It may rather be said that the revenue has been realised as a means of paying for the expenditure, than that the expenditure has, during the last few years, been directed towards obtaining revenue. We thus find in both the divisions a large increase of establishments, and the expenditure on communications and buildings, and on plantation, protection and demarcation has also been going on at an increasing rate.

79 The operations which have reference to immediate realisation of revenue are those shown against the heads of timber and other produce removed by the department and by consumers. The expenditure against these works is in both cases increasing, but it has brought in a still more rapidly increasing revenue.

80 The views of the Government of Madras are that this preliminary development and organisation of the Forests will, for some time, continue to require the appropriation of as much revenue as can be spared, and they are anxious, therefore, that the special arrangement should continue by which, in Madras, the head of Forests is entirely Provincial instead of being half Imperial and half Provincial. Pending instructions, we have so framed our estimates. If this is conceded, they are willing that the surplus shall be reckoned at 2,50, which, it will be seen, is about the amount actually produced in 1885-86. The revenue figures of that year were not specially high, but it is possible that the Government may, in the condition of organisation to which the department has now reached, be desirous of pushing on at a somewhat greater rate those kinds of expenditure which are not immediately profitable.

81 The surplus of 2,50 being agreed upon in this way, it is of less importance what precise figures we take for the revenue and expenditure, and 13,00 for revenue and 10,50 for expenditure seem suitable.

REGISTRATION

82 *Revenue*—The revenue under the head of Registration is derived from two sources—fees, &c, for the registration of documents, and fees levied under the Joint Stock Companies Act. The revenue derived from Registration proper has steadily increased during the period of the current Contract. Fees levied for the registration of Joint Stock Companies have fluctuated very considerably. The following are the figures since 1882-83 —

	1882-83	1883-84	1884-85	1885-86	1886-87	1887-88 (Departmental Estimate)
	₹	₹	₹	₹	₹	₹
Registration proper	5,73 2	6,22 6	7,45 6	8,38 5	8,10 0	8,50 0
of Joint Stock Companies	6 2	9 5	12 8	87 8	15 0	20 0
TOTAL	5,79 4	6,32 1	7,58 4	9,26 3	8,25 0	8,70 0

The Future Provincial Contract with Madras

Registration

83 The high Joint Stock Company Registration revenue of the year 1885-86 is stated to have been due to the starting of a number of bubble companies. This is evidently not likely to continue, nor is it probable that the revenue of the future will even approximate to the average (37) of the past three years. The departmental Revised Estimate of the current year and the Budget Estimate of 1887-88 are Rs 20,000 for each year.

84 In the Registration revenue proper an increase of 11½ only over the actuals of 1885-86 is estimated for in 1887-88. No departmental Revised Estimate has been framed for 1886-87, but it may be taken at the same figure, we understand, as the departmental Budget Estimate of 1887-88. It appears to us that, in the light of past experience, this estimate is low. A continuance of such increments as those of past years,—8 6, 19 8, and 12 5 per cent—is hardly to be expected, but we think that a somewhat larger increase may be fairly anticipated, and we have therefore taken the whole Registration revenue at 8,75 in framing the Contract.

85 *Expenditure*—The expenditure on the registration of Joint Stock Companies is trifling and requires no remarks. The subjoined statement exhibits the progress of expenditure on the Registration Department proper—

	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
Superintendence—	R	R	R	R	R
Salaries	18 0	18 0	18 0	18 0	18 0
Establishment	9 3	9 4	9 3	9 5	10 0
Contingencies	4 0	3 3	4 0	4 0	4 5
Travelling allowance	4 0	2 3	2 2	3 2	3 0
TOTAL	35 3	33 0	33 5	34 7	36 1
District charges—					
Salaries	1,56 6	1,81 9	1,66 8	1,78 5	1,96 2
Commission	2,11 0	2,16 6	2,50 4	2,81 3	2,69 0
Establishment	17 8	18 9	42 8	19 0	51 0
Contingencies	26 0	27 9	29 7	35 2	13 0
Travelling allowance	4 9	4 3	5 6	4 3	5 7
TOTAL	4,16 3	4,49 6	4,95 3	5,46 3	5,67 9
GRAND TOTAL	4,51 6	4,82 6	5,28 8	5,81 0	6,04 0

86 The net revenue of the Registration Department proper has therefore been as under—

Net revenue of past years	R
1882-83	1,22
1883-84	1,40
1884-85	2 17
1885-86	2,58

87 The above figures exclude from consideration the Public Works expenditure on Registration offices, which has been as shown in the margin. The Budget Estimate of the Public Works expenditure in 1885-86 was 1,00, but many works were postponed in consequence of the financial pressure. The full provision of separate accommodation for the Registration offices is considered to be a matter of great importance, both in order to the safe preservation of the books and because experience shows that Registration gains in popularity, when dissociated from the offices of the Tahsildars and Deputy Tahsildars in which the work was formerly conducted.

Public Works expenditure in connection with the Department	R
1882-83	45
1883-84	54
1884-85	1,18
1885-86	29

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Registration

88 The increased expenditure on Superintendence is moderate, considering the expansion of the operations of the department. It seems to us doubtful, however, with reference to our observations and recommendations regarding the Registration Department in other Provinces, whether it is necessary to pay so high a salary as Rs1,500 per mensem to the head of so small a department as the Madras Registration Department. The permanent members of the Committee think it would be preferable to amalgamate the appointment of Inspector General with some other office, as is already done in the North-Western Provinces, and, as they have recommended, shall in future be done in Bombay. But if the Government of Madras is unwilling to adopt this course, they recommend that, on the occurrence of the next vacancy in the tenure of the appointment, the salary be reduced to Rs1,000 per mensem. The local members agreed to the latter of these two proposals, but thought the salary should not be reduced below Rs1,250.

89 The increased expenditure since 1882-83 under the head of District Charges is due to the creation of a large number of new Registration offices. In 1882-83 there were 253 Registrars and Sub-Registrars. On 1st October 1886 the number had risen to 354.

90 The system of the Madras Presidency in respect to Registration is peculiar. Except in sixteen cases, where the duties of the office are very light and its revenue altogether insufficient to support a separate officer, and in which *Ex-officio* Sub-Registrars are consequently employed, the ordinary district staff have no connection (save that of occasional and apparently somewhat superficial inspection) with the operations of the department. All the 22 District Registrars and 316 of the Sub-Registrars are special officers having no other duties.

91 The District Registrars are divided into seven grades on the salaries shown below *plus* commission at 19 per cent on the collections, up to a maximum of Rs100 per mensem in Madras and of Rs50 in the Mofussil —

R	
1 on 500 (a)	(in Madras town)
1 „ 300	(in Tanjore)
3 „ 250	(in Calicut, Tinnevely, and Madura)
4 „ 200	} in the less important districts
6 „ 175	
6 „ 150	
1 „ 100	
<u>22</u>	

(a) This officer is also Registrar of Joint Stock Companies

92 The Special Sub-Registrars are also divided into seven grades as shown below, and receive commission at 19 per cent on the collections in addition to their pay, subject to a maximum of Rs50 per mensem in all cases —

R	
10 on	75
10 „	60
20 „	50
20 „	45
30 „	40
30 „	35
196 „	30
<u>316</u>	

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Refunds

93 All the above salaries are personal, not local, with three exceptions in the Wynaad, where special rates have to be given on account of the unhealthiness of the climate

Salaries generally personal,
not local

94 The establishments are of two classes, permanent and temporary. The former are few in number and are almost exclusively employed in the offices of the District Registrars, on duties, such as correspondence, keeping up registers, compiling returns, &c., of such a nature that they cannot be given out on the piece-work system. The bulk of the establishments, comprising all the copying clerks, are paid by commission at 19 per cent on the collections of their respective offices, which are divided among the several hands on a fixed system. The few permanent clerks are paid from Rs 12 to Rs 30 per mensem in the Mofussil, and from Rs 25 to Rs 50 in the Presidency Town.

Subordinate establishments

95 The rate of commission was formerly 20 per cent on the collections. It has now been fixed at 19 per cent on the supposition that 1 per cent covers the cost of Contingencies.

Rate of commission

96 The system is necessarily costly, but the Local Government attaches great weight to its maintenance, and we do not suggest any alterations, except in respect of those offices which do not earn enough to pay the expense of their upkeep.

The system costly

97 We find that there are fifty-four such deficit offices—fifty under Special and four under *Ex officio* Sub-Registrars—the aggregate loss on the working of which amounted in 1885-86 to no less a sum than Rs 9,926. We think that, after a reasonable time has been allowed in the case of new offices to work them up, the Special Sub-Registrars might not unreasonably be told that Government would give them the full prescribed remuneration if they earned it, but could not give them any addition to their fixed pay unless the working of their offices yielded a surplus from which the payment might be made. We do not propose to take the loss by the working of these offices into consideration in fixing the figures of the Provincial Contract, but we think that the subject should receive early attention at the hands of Government. It would, no doubt, be inadvisable to close any office which meets a clearly ascertained public want, merely because it does not yield a profit, but every effort should be made to minimise such losses as cannot altogether be avoided.

Deficit offices

98 The departmental Budget Estimate of expenditure for 1887-88 is 6,395, including 14 for Registration of Joint Stock Companies and 15 for the opening of new offices. The expenditure is considered likely, therefore, to exceed that of 1885-86 by 585. Part of this increase is, of course, due to the increased payment of commission, which necessarily results from increased receipts. We think, however, that the opening of new offices might be deferred until more funds become available from the improved working of existing offices, and that the provision of 15 should therefore be expunged from the Budget, and the Contract figure of expenditure be taken at Rs 6,25,000 in round numbers.

Estimate of future expenditure

REFUNDS

99 We have already, in discussing that head, estimated the Refunds of Land Revenue at 1,72 (*vide* paragraph 22). For those of Stamps the Budget

The Future Provincial Contract with Madras

General Administration

gives 72, which fairly accords with the figures of recent years, of which the lowest is 63 and the highest 82. The remaining figures are small, namely, Excise 3, Assessed Taxes (which will have to be further considered when the estimates of revenue are made and which for the present we leave out of account) 6, Forests 2, and Registration 2.

GENERAL ADMINISTRATION

100 The total cost of General Administration rose from 9,61 in 1881-82 to 10,54 in 1882-83, and has continued pretty steady at that figure ever since. About 60 of this is due to the Local Funds account establishment which is paid for by those Funds under another head, and about 17 is increased cost of the Secretariat establishments.

101 The chief items under this head are the Governor with his Staff and Household, the Executive Council, and the Board of Revenue which is in process of reconstruction, a new scheme (a) for its constitution having been drawn up and submitted to the Government of India, on which therefore we have nothing at present to say. The only items which call for remark are the Military Secretariat and the Translation Department.

102 The Military Secretariat consists of seventeen clerks whose average pay is Rs 138 per mensem, and of whom eight draw Rs 100 and over. The Revenue Secretariat has twenty-four clerks and the Chief Secretariat forty-one, on an average pay of Rs 100, and with only six and thirteen respectively drawing Rs 100 and over. We find that the Government of Madras agree with us that there is room for reduction here, and we recommend that the salaries be lowered to an average of Rs 100, as in the other two Secretariats. The present Head Assistant on Rs 600 is about to retire, so there is an opportunity for reconstruction. We assume a reduction of 6 on this account.

103 There are five Translationships, which are held by highly-paid European officers of Government (two Under Secretaries, a Sub-Secretary to the Board, a Sub-Collector, and a Professor of the Presidency College) on allowances of Rs 300 each for Hindustani, Tamil, and Telugu, and of Rs 250 each for Canarese and Malayalam. It is presumed that they do the work out of office hours. They have each two Munshis and Pandits, ten in all, whose pay averages Rs 115 per mensem, besides nine clerks on Rs 20 or 30. They translate Acts into the vernaculars and are also official reporters on vernacular newspapers, the number of which is not large. We think the work is overpaid, and that such posts should be held by Natives of the country, nor do we see that there is any difficulty in carrying out this change at once, without regard to existing incumbents. We believe the Madras Government agrees with us, except as to the last point. Native Translators would do more of the work themselves, and be less dependent on the well-paid Munshis and Pandits now entertained, and we should propose a very large reduction were we not assured that it would be almost impossible to obtain men who are acquainted with more than one language, and that the present allowances must be continued with little change, the only saving being in the establishment. We place the reduction therefore at 8.

(a) This scheme has recently been sanctioned by the Secretary of State, and will be brought into effect from April 1st, 1887.

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Law and Justice, Courts

104 The cost of the movement of the Government to the Hills will depend on the rules sanctioned for Hill allowances, on which a separate Note(a) has been submitted, and we take no credit at present in our calculations for any savings.

105 The total expenditure was 10,07 in 1883-84, 10,51 in 1884-85, 10,67 in 1885-86, and is estimated at 10,53 for 1886-87. Pending the Revised Estimate we accept the figure 10,53, and deducting 6 for the Military Secretariat and 8 for the Translation Department, we fix on 10,39 for the future Contract.

LAW AND JUSTICE, COURTS

106 *Expenditure*—The following are the details of the accounts and estimates under the head of Law and Justice, Courts:—

	1884-85	1885-86	1886-87, Budget	Committee's Estimate
High Court	1,72	1,66	1,65	1,54
Law Officers	03	58	01	01
Coroner	0	0	0	0
Justices of the Peace	66	61	68	42
Civil and Sessions Courts	22,20	22,33	22,70	22,70
Small Cause Courts	86	55	55	85
Criminal Courts	0,25	0,00	0,28	0,26
Pleaders' Examinations	10	1	10	10
Refunds	50	49	55	55
	30,16	30,04	30,77	30,12

107 The High Court has been dealt with in a separate Note, (b) and for present purposes we take the Budget Estimate as it stands, except as regards the emoluments of the Sheriff, R10,776, whose office the Government is prepared to make an honorary one in future. We deduct 11 on this account.

108 As regards Law Officers, the Local Government informs us that it is not satisfied with present arrangements, and has in contemplation some changes, which will result in an economy of about one-third of the whole charge. But pending their further consideration, we do not allow for this reduction of expenditure.

109 The Board of Revenue and the Government Pleader in the High Court do between them the Government work which in other provinces falls on the Legal Remembrancer, so that there is no separate officer of that class in Madras. The Government pleaders are paid by fees according to work done, and the charges appear to be from R30,000 to R40,000 a year.

110 The Coroner's appointment the Madras Government consider unnecessary. In a considerable portion of the area of the town the same law obtains as in the Mofussil, and enquiries of the nature of Coroner's inquests are made by the officers of Police. The Madras

(a) Vide Volume II, Chapter XIII, Section B

(b) Vide Volume II Chapter V, Section B

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Law and Justice, Courts

Government are prepared to extend the system to the whole town, and the Coroner, with his establishment, will then cease to exist. Until the Legislature sanctions this change, we do not take into account for the purposes of the Contract the amount, Rs. 680, which will be saved.

111. The Justices of the Peace—that is, the Presidency Magistrates—are organised on what seems to us an unnecessarily expensive scale. They are four in number, the number being fixed partly with a view to the selection of one Magistrate out of each of the four leading classes of the community, and the salaries they draw are Rs. 1,200, Rs. 1,000, Rs. 800, and Rs. 800. This establishment is very high compared with that of the other Presidency towns, and much of the work is necessarily of the pettiest kind. It is necessary to provide one highly-paid Magistrate who can take up important or difficult cases, but we consider that, after providing one Magistrate on Rs. 1,200, two Deputies, on an average salary of Rs. 800, are sufficient provision for the requirements of the town. We consider, therefore, that an economy estimated at Rs. 24,000 might be effected under this head. The Madras Government informs us that it is prepared to make considerable economies under this head, but it wishes to retain a somewhat more expensive establishment, including a Second Magistrate at Rs. 800.

112. The Government of Madras give a strong opinion against the employment of Honorary Magistrates in Madras for the petty class of cases which often come up in Presidency towns. We think that they have been found more successful than the Government of Madras appear to consider, and that their employment—by way of experiment at least—might be urged upon the Government.

113. The expenditure on Small Cause Courts is solely in the Presidency town, as there are no special Small Cause Courts elsewhere. From the statistics given us, we find that there are about 26,000 suits annually, which give an average of 6,500 to each of the four Judges, and as the revenue much more than covers the expenditure, we are not disposed to diminish the facilities given to suitors by proposing any reductions. The establishment of clerks and other subordinates compares favourably with those of the other Presidency towns.

114. The figures under the head of Civil and Sessions Courts show very little increase of expenditure during the five years. They are—

	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
Copyists		74	98	1,09	1,13
Other charges	21,49	21,24	21,28	21,24	21,57
TOTAL	21,49	21,98	22,26	22,33	22,70

The figures have been stated in this form so as to show that the only increase occurs by reason of the organisation of copyists' establishments which, it should be noted, more than pay for themselves. The only economy possible under this head is one that was recently considered, namely, the abolition of the Kurnool District

The Future Provincial Contract with Madras

Law and Justice, Jails

Court, but this was pronounced inadvisable, as it would remove the principal Civil Court too far from the residents of the district, and also because the law does not provide for a single district being under the jurisdiction of more than one Court. We have compared the statistics of work of the subordinate Courts with those of other Provinces, and find no reason to think the number capable of reduction.

115 The expenditure under the head of Criminal Courts shows a slight increase, due to the same causes as are assigned under the head of Land Revenue. The figures of recent years have been 1883-84, 9,11, 1884-85, 9,25, 1885-86, 9,09, and Budget for 1886-87, 9,26. The explanation given under Land Revenue applies here also, *viz*, that the low figure of 1885-86, as compared with 1884-85, is due to a fluctuation in the charges for salaries, and we are not unlikely to find the charge of 1886-87 considerably higher.

116 These officers only are classed as Cantonment Magistrates, and of these two are military officers who get a small allowance for civil duties, namely, Rs125 at Saint Thomas' Mount and Rs70 at Poonamallee. The remaining one (a full-time officer on Rs700) is the Cantonment Magistrate at Cannanore, where one European and two Native Regiments are stationed and where no other European Magistrate is permanently located. At Jubbulpore, the Superintendent of the Central Jail receives a small additional remuneration and discharges the duties of Cantonment Magistrate in addition to his proper work. We suggest that a similar arrangement be tried at Cannanore. If carried out, it should cause a saving of Rs5,000 or Rs6,000 per annum.

117 The charges for Pleaders' Examinations are almost entirely a distribution among the Examiners of part of the fees charged to the Examinees. They, on the whole, fall below the receipts on the same account.

118 *Receipts*—The receipts of the five years of the Contract have been 4,28, 3,67, 4,13, 3,70, and (Budget) 4,01. The 4,13 of 1884-85 included some exceptional annual receipts, and the figures, taking this into account, show the same decline as we find in other Provinces, due chiefly to prosperous seasons and diminishing crime. It would seem a little doubtful if the Budget Estimate is not placed too high, but the figure, 4,01, may stand until the Revised Estimate.

LAW AND JUSTICE, JAILS

119 *Expenditure*—The total annual expenditure on Jails and the average daily number of prisoners have been as under since 1882-83—

Year	Average daily number of prisoners	Expenditure
1882-83	8,391	9,03 9
1883-84	7,380	7,89 3
1884-85	6,859	8,02 2
1885-86	7,919	7,98 6
1886-87 (Budget)	6,910	9,17 0

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Law and Justice, Jails

Variations in expenditure from 1884-85 120 The following table exhibits the principal variations in the expenditure since 1884-85 inclusive —

Items	1884-85	1885-86	1886-87 (Budget)
1 Presidency Jails—			
Clerks, Servants, and Warders	11.4	11.5	13.9
2 Central Jails—			
(i) Superintendents	54.9	54.0	59.0
(ii) Establishment	43.5	60.7	75.1
(iii) Miscellaneous	11.1	(a) 17.0	18.4
3 District Jails—			
(i) Allowances to Superintendents	4.0	9.5	13.4
(ii) Establishment	60.2	56.9	1,10.7
(iii) Miscellaneous	13.6	(a) 16.0	27.4
4 Raw materials, &c, for manufactures	1,86.0	1,32.8	1,74.6

Increased expenditure explained 121 The increase of expenditure is chiefly in 1886-87 as compared with 1884-85. It is explained as follows —

The increase under Superintendents is due (1) to certain Superintendents of Central Jails having become entitled to periodical increments of salaries, and to the grant by the Secretary of State of personal allowances to two of them, and (2) to separate officers, who have no other duties to attend to, having been appointed to two of the new cellular jails, in lieu of the Civil Surgeons who were formerly in charge of them.

The increases under the heads of Establishments and Miscellaneous are as under —

	1884-85	1886-87	Increase
Establishments	1,15.1	1,99.7	84.6
Miscellaneous	24.7	45.8	21.1
TOTAL	1,39.8	2,45.5	1,05.7

122. The reason of the increased expenditure under the last two heads is that the Madras Government have determined to change the system under which the convicts are guarded, and to replace the Police now employed on that duty by departmental guards. The introduction of the new system began early in 1885, and it is being gradually extended. The Budget of 1886-87 provides for the completion of the altered arrangements. We obtained from the Inspector-General of Jails an estimate of the total increase of cost, additional to that incurred in 1884-85, which will be involved. It will, it appears, stand as under —

	R
Establishments	57,057
Clothing, accoutrements, &c (under Miscellaneous)	27,075
TOTAL	84,132

(a) Approximate

The Future Provincial Contract with Madras

Law and Justice, Jails

123 The additional provision made under establishment amounts, however, to 84 6 or 27 5 in excess of the probable actuals. It is explained that, at the time the Budget of 1886-87 was prepared, a more expensive scheme of departmental guarding was proposed than that which has since received the approval of Government. The estimate is therefore in excess of requirements by 27 5.

124 The total estimated cost of clothing is 27 1, or 6 more than the additional sum which has been provided. The apparent short provision is due to the transfer of certain expenditure from Miscellaneous, under which head it has hitherto been shown, to Supplies and Services, to which head it is considered more correctly to belong. A considerable part of the expenditure on accoutrements should not recur, and, as the Police estimate of the cost of clothing, &c., is Rs12 per man per annum, the future cost of the clothing and equipment of the Jail guards, 1,400 strong, should not exceed Rs20,000 per annum at the outside.

125 Roughly speaking, therefore, the additional cost, as compared with 1884-85, of the guarding expenditure debited to Jails, will be about Rs77,000 per annum for the future. On the other hand, the saving under Police is estimated at Rs9,200 per annum as compared with the current year's Budget, and we have therefore deducted that sum from the provision under Police in the future Contract.

126 Some economy has recently been effected by the closing of some of the smaller District Jails. Those at Chingleput and Tollocherry were abolished in June 1885, and the prisoners were transferred to the Penitentiary in Madras, and to the Calicut Jail, respectively. No provision is made for either of these in the current year's Budget. Orders have also recently issued for the abolition of the Chittoor Jail and for the transfer of the convicts to Vellore, and the amalgamation of the District with the Central Jails at Rajahmundry and Trichinopoly is now under consideration.

127 The closing of the Chittoor Jail will cause an annual saving of about Rs3,600. The proposed amalgamation of the Rajahmundry and Trichinopoly District and Central Jails should lead to a saving of about Rs8,000 per annum. The Inspector-General has under consideration a scheme for dispensing with the protective Police guard maintained in certain cases in addition to the departmental guard, which, he hopes, will produce a further economy of about Rs6,000 per annum. The total saving thus expected to be realised may be taken at Rs18,000 per annum.

128 In framing the future Provincial Contract, we have not taken into account either this sum or the decreased cost in future years of providing the guards with clothing and accoutrements (see paragraph 124), as it is necessary to allow a margin under Jails to meet the contingency of an increase either in the number of convicts or in the cost of rations in the event of a bad agricultural season.

129 The Government have had under consideration the possibility of closing one of the Central Jails, and have decided against it. Arrangements have recently been concluded whereby 472 Burmese long-sentenced convicts are to be sent over to Madras in eight monthly batches of 59 each, to serve out their terms. This ac-

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Law and Justice, Jails

cession of strength, coupled with the transfer of convicts from abolished District Jails to Central Jails, will render it impossible to close any of the latter. Special arrangements will have to be made for the adjustment of the extra cost involved in keeping these prisoners. As the arrangements may be only temporary, it appears inadvisable to include them in the Contract.

130 The cost of the maintenance of the convicts in the Madras jails is high as compared with other Provinces and especially with the North-Western Provinces. The average figures for the four years 1881 to 1884 are shown in the margin. Our enquiries on the spot into the cause of this excess have led to little or no result. The system of supply is by contract. The direct purchase of provisions, &c., in the open market, has also been tried, but with little, if any, effect. The existing dietary scale, to the cost and apparent luxuriousness of which we took exception, was prepared in 1866 by Dr. Cornish, afterwards Surgeon-General with the Government of Madras, and was introduced into most jails in 1867-68. In 1869, on the recommendation of a Committee, the allowance of grain was reduced by one-fifth in the case of non-labouring male prisoners, who had previously received the same ration as labouring prisoners, and a proportion of "dry" grain (*i.e.*, millet or pulse) was introduced into those jails in which rice alone had previously been issued to the prisoners. Since then, the dietary scale appears to have remained unaltered.

131 The death-rate in the Madras jails was very heavy during the years immediately preceding the introduction of the new dietary scale, and has since very greatly improved. We are aware of the great objections, on the score of the health of the prisoners, to decreasing their diet. But it appears to us possible that the decrease in recent years in the death-rate in the Madras jails may as much be due to the provision of better and more spacious quarters and to improved sanitary arrangements, as to the alteration of the dietary scale. We would therefore suggest the advisability of a fresh enquiry into the subject, in view, if possible, to a diminution of the present great cost of rationing the prisoners.

132 Subject to the arrangement as to the new Burmese convicts suggested in paragraph 129, we deduct 27 (see paragraph 123) from the Budget of 1886-87, and take the jail expenditure under the new Contract at 8,90.

133 *Receipts* — The figures relating to jail manufactures and convict labour are as under —

	1862-83	1883-84	1884-85	1885-86, Revised	1886-87, Budget
Receipts	3,22	2,14	2,03	1,79	1,93
Expenditure	2,46	1,79	1,86	1,60	1,75
NET	76	35	17	19	18

134 The small profits of late years are explained to be due to the orders of the Government of India, since modified, restricting jail manufactures. It is feared that it will take some years to get the factories into good working order. We have taken the Budget figure (1,93) as that of the future Contract.

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Police

POLICE

135 *Expenditure*—The cost of the Police has varied little during the Contract, and has stood at 37 52, 37,84, 38,23, 37,80, Budget of 1886-87, 38,22 The details of the current year's figures in the printed Budget are—

1 Presidency or City Police	1,56
2 Superintendence (including that of Presidency Police)	2,02
3 District Executive Force	33,16
4 Village Police	6
5 Cattle Pounds	1,10
6 Contributions and refunds	2
	<hr/>
TOTAL	38,22

136 The City Police are under a Commissioner on R1,500, a Deputy Commissioner on R750, and an Assistant Commissioner on R400 The Commissioner's office consists of eight clerks and 55 servants, and costs about R800 a month These items are shown in the accounts under Superintendence, and must be transferred to the head of Presidency Police if the true cost of the City Police, which comes to about 2,21, is to be seen The force consists of 12 Inspectors, 24 European Sergeants, 8 Sub-Inspectors, 100 Head Constables, 741 Constables, and 4 Sowais, the Sergeants and Inspectors are mounted at Government expense The force is divided into seven Divisions, a Reserve, a Division of Beach Police, towards which the Port Trust contribute a half, and some Boat Police for the Harbour, towards which also they ought to contribute a half or 1 7 The Bombay City Police is much stronger, consisting of 28 Superintendents and Inspectors, 16 European Sergeants, 93 Head Constables, and 1,200 Constables, besides 33 mounted police and 235 men on the Dockyard and Harbour It has to deal with a much larger population, and yet it is supervised by a Commissioner and a Deputy Commissioner, while in Madras the Commissioner has an Assistant as well as a Deputy under him We have suggested elsewhere (paragraph 305) that the duties of Commissioner of Police and President of the Municipality should be combined under one officer as in Calcutta If this is done, the post of Assistant Commissioner should be maintained, but otherwise we recommend that it should be abolished The Commissioner of Police represents that much of his time is spent in correspondence and returns, which would not be necessary, if he were not subordinate to the Inspector-General of Police, and we observe that in Bombay and Calcutta the Head of the City Police is not so subordinate If he were made independent and placed directly under the Government, he would apparently be better able to spare the Assistant Commissioner

137 The Municipality contributes nothing to the cost of the City Police On this subject we have made some remarks elsewhere (paragraph 300), and we only note here that if no such contribution is made, it ought at least to abstain from taxing the Police which protects life and property within its limits The taxation now imposed on Police buildings amounts to R667 per annum

138 Deducting the portion transferred to City Police, the cost under the head of Superintendence amounts to 1,53 5 This provides for an Inspector-General on R2,500, a Personal Assistant on R900, three Deputy Inspectors-General on R1,200, 39 clerks and 24 servants,

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Police

besides travelling allowance and miscellaneous charges The Inspector-General's salary is the same as that in Bengal and the North-Western Provinces, and is higher than that drawn in any other

Inspector General

Province. If at the next vacancy the post is filled by a Civilian, the pay will not be excessive, as such an officer would ordinarily be of the standing of a Collector and Magistrate. But if it is given to a military man, who is promoted from among the Deputy Inspectors-General who draw Rs. 1,200, we think that

Assistant Inspector General

a salary of Rs. 2,000 should be sufficient. The Personal Assistant's salary in Bengal and in the North-Western Provinces is Rs. 600, and in Bombay there is no such officer. We think that Rs. 600 would ordinarily be a suitable remuneration for this duty, and we provide a post among the District Superintendents of Police in this grade, as it may be more convenient not to lay down any specific salary for the Personal Assistant, but to allow him to be selected from among the District Superintendents

Deputy Inspectors-General

of Police of any grade in Madras. We question the necessity of the retention of three Deputy Inspectors-General of Police. One of these officers is in charge of five districts and two of eight districts each, and they have no special charge except that of inspection. They are required to visit each of their districts annually and to inspect every "khasa" station, *i.e.*, every post at which an Inspector is located,—a work which on an average is said to occupy them for about six months of the year. They also receive weekly reports from each District Superintendent and Assistant Superintendent, which reach them through the Magistrate, they pass no orders on these, but write marginal remarks which go on to the Inspector-General, who returns the reports with his orders through the same channel. Their head-quarters are at Coimbatore (Southern Division), Madras (Central), and Waltair (Northern Division). The Report for 1885 records 23 out of 42 offices and 175 out of 1,772 stations, as visited by them during the year. The Inspector-General himself visits the head offices of District and Assistant Superintendents as far as he can, but rarely inspects police stations. The report for 1885 does not record the amount of work of this kind done by the late Inspector-General, who was in office for eleven months of the year, but a return received from the Accountant-General shows that he spent from January to the middle of April in the Ganjam, Vizagapatam, and Godavari districts, and did not travel any more till the end of November.

139 We think that the work, as thus described, is not such as to justify

Three Deputy Inspectors-General not needed

the retention of three Deputy Inspectors-General. The Punjab is the only Province which has so large a number of these officers, and the arguments used by us with respect to the Punjab, (a) where we propose to reduce the number by one, apply equally to the present case. We recommend that one of the three should be reduced, and that the Inspector-General should take a certain number of districts and inspect them himself, dividing the rest between the Deputy Inspectors-General. Each Deputy Inspector-General has an Inspector attached to him, so that one Inspector should be retrenched from the list, he may be estimated at an average salary of Rs. 100. We learn that the Government of Madras approves this proposal.

140 There are twenty-two District Superintendents of Police, two at

District Superintendents

Rs. 1,000, seven at Rs. 800, thirteen at Rs. 700, but there are only 20 districts (the Nilgiris being treated as part of Coimbatore). One District Superintendent of Police is posted at Jeypore, a sub-

(a) Vide paragraphs 80 and 81 of Chapter III of this Volume

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Police

division of Vizagapatam, and one at Bangalore. The latter, though shown in the Madras Civil List, is not under the orders of the Madras Government at all.

141 There are twenty Assistants, all at R500 (except one in Ganjam on R600), who are posted in fifteen districts, three in Vizagapatam (one of whom is in Jeypore), three in Malabar, two in Ganjam, one in each of the remaining larger districts, twelve in number, each having a portion of the district under him and a separate head-quarters from that of the District Superintendent of Police. Under a recent sanction of the Government of India, these officers are in future to draw R350 rising in five years to R500, and it is intended to create a new appointment out of the savings and to post an Assistant to the Nilgiris.

142 We think that one Assistant is sufficient for Jeypore, that is to say, Vizagapatam, which has a Collector and four Assistants for general civil work, should be considered strongly manned, if it has a District Superintendent of Police and three Assistants, and two Assistants should be sufficient for Malabar. The officer now at Bangalore should be transferred to the Imperial Political Department. There would thus be twenty District Superintendents of Police and one Personal Assistant to provide for, total twenty-one, and twenty Assistants, including the new appointment on the Nilgiris.

143 The table below shows that the rates of pay in Madras are higher than those in any other Province, and we think it necessary to suggest a revision of the grades —

Comparative table of the Rates of Pay of District Police Officers in certain Provinces

	Madras	Bombay	Bengal	North Western Provinces	Punjab	Central Provinces	Proposed new grading for Madras
	R	R	R	R	R	R	R
District							
1st grade	2 @ 1,000	3 @ 1,000	7 @ 1,000	1 @ 800	1 @ 1,000	2 @ 1,000	2 @ 1,000
2nd do	7 @ 800	5 @ 800	7 @ 800	10 @ 700	6 @ 800	2 @ 800	1 @ 800
Supts of							
3rd do	12 @ 700	7 @ 700	12 @ 700	10 @ 600	11 @ 600	3 @ 700	6 @ 650
Police							
4th do		4 @ 600	11 @ 600	10 @ 500	12 @ 500	5 @ 600	9 @ 500
5th do		6 @ 500	13 @ 500	12 @ 400		6 @ 500	
Average pay	21 @ 762	25 @ 692	50 @ 682	46 @ 565	33 @ 618	18 @ 650	21 @ 618
Assistants							
1 @ 600		2 @ 500	16 @ 100	1 @ 300	4 @ 150	2 @ 300	5 @ 100
19 @ 500		3 @ 100	15 @ 300	1 @ 250	6 @ 350	9 @ 250	6 @ 300
			5 @ 250		8 @ 250		9 @ 250
Average pay	20 @ 504	5 @ 410	36 @ 337	8 @ 275	18 @ 328	11 @ 259	20 @ 302

A. B. — The scale here shown for the North Western Provinces is not that actually in force but is the sanctioned scale, which is being gradually introduced.

144. The average pay shown in the last column of this statement corresponds fairly with the average rate in other Provinces. The saving by re-grading would be R76,700. The reduction, if approved, would be carried out gradually as vacancies occur. We therefore make no retrenchment on account of it in the Provincial Contract, pending information whether it is approved and how soon it can be carried out.

145 The Assistants are recruited from a body of "Gentlemen Inspectors," fourteen in number, at R100, R150, and R200, who are promoted whenever there is a permanent or officiating vacancy. The number seems a little larger than is necessary to supply the

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ordinary vacancies at twenty per cent on the whole number, and to keep one or two recruits in training, and we think it might be reduced to twelve. We do not propose to alter the pay, but we suggest that they should be classed as "Probationers" (as in Bombay), and not as Inspectors, that title being held by men who actually do the work of Inspectors, and the highest grades in the class being given as rewards to the most meritorious officers in the force.

146 The District force is composed and distributed as follows. There are 411 Inspectors at varying rates, Rs 200, 150, 100, 75, 50 and 40, 52 European head constables drawing from Rs 55 to 30, 2,625 head constables in four grades, on Rs 25, 20, 15 and 12, 18,052 constables in grades of Rs 8, 7 and 6½. The total force amounts to about 21,300. Of these, 15,752 are employed at about 1,790 stations and outposts, 328 being head stations, but none of them being outposts in the sense in which the word is used elsewhere, *i.e.*, in the sense of keeping no diaries and of merely reporting to the head station. They all are small police posts with diaries and registers of crime and the power of investigating into reported offences, even though 196 of them are occupied by no higher officer than a constable. We think that the Madras Government might be invited to look into this matter and to consider whether its system might not advantageously be brought into conformity with that of other Provinces. Some slight economy would be produced in the cost of stationery, but the main advantage would consist in the diminished necessity for inspection of registers and diaries, and in giving the people a higher class of Police officers to investigate their complaints.

147 We note further the following point. The Madras Police below the rank of Inspector and Sub-Inspector pay nothing towards cost of uniform, while their clothing, which is estimated to cost Rs 8 per constable and Rs 9 per head constable, whereas in all other Provinces a deduction is made for this purpose, rising as high as nine annas per man per mensem in Bombay from the pay of constables, while all officers above that grade are expected to pay the whole cost of their clothing. We suggest that this system be introduced, at least in respect of head constables, and the higher grades of constables. The clothing of 2,625 head constables at nine rupees costs Rs 23,625 a year, and constables of the first and second grade, if they paid four annas a head per mensem, would contribute Rs 43,335. Against this must be set the fact that they now pay a hutting rent which amounts to Rs 22,000 a year—a sum which does not cover the repairs of their huts. We suggest that this charge be abandoned and the clothing deductions substituted, making a contribution to Government of about Rs 45,000. If this be thought impossible, we recommend that the head constables at least be required to pay for their own clothing. This would cause a saving of Rs 23,000. As, however, it is represented to us that, if this deduction is enforced in the case of existing incumbents, it would cause discontent and hardship, we make no deduction on this account in framing the Contract, but we think the Madras Government may be able to apply the principle in the case of future appointments.

148 Police officers, who are supplied with elephants in the districts of Ganjam, Vizagapatam, and Godavari, suffer no deduction in their travelling allowance. The same rule, which has been adopted in respect of civil officers, should be applied to them, and a deduction of eight annas a day made when they use Government elephants.

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119 A very large amount is charged for Police Hospitals, *viz*, R38,168, in the present Budget, and R32,328 in 1884-85. Where there is a separate ward for the Police in ordinary hospitals, Government pays one-fourth of the cost, but that contribution is shown as a grant under Medical and is not charged against the Police. There are, however, twenty-five special Police Hospitals, three in Ganjam, five in Vizagapatam, two in Godavari, and one in each of fifteen other districts, manned by three apothecaries and twenty-three hospital assistants. We think that some reduction might be effected in the number of these hospitals, and efforts should certainly be made to provide as far as possible for the treatment of the police by the ordinary medical staff of the districts.

150 A considerable transfer of expenditure is taking place by the substitution of jail warders for police, the total increase of cost to the jails being estimated at 1,06 (*vide* paragraphs 121 to 125). We find, from figures supplied by the Inspector-General, that the decrease in the cost of the Police on this account will be 89.

151 The Budget provides for the Punitive Police maintained in the Malabar district. We have not been informed of the exact expenditure to be incurred on this account, but as a contribution of R28,400 is taken credit for under Receipts (*vide* paragraph 154), we assume that that is the cost which will be saved, when the Punitive Police is withdrawn. As the collection of the contribution has been discontinued, it is apparently intended soon to abolish the Punitive Police, and we therefore deduct 28 on this account in framing the new Contract.

152 We take the Police expenditure at the Budget figure 38,22, and deduct from it as follows —

Decrease on account of jail warders	89
One Deputy Inspector-General and one Inspector and travelling allowance	17
Assistant Commissioner in City	5
Malabar Punitive Police to be withdrawn	28
Net Reduction	1,39

We fix the Contract figure at 36,83.

153 *Receipts* — The receipts are as follow —

	Estimate, 1886-87
	R
(1) Police supplied to Railways	500
(2) Do do to Municipalities, &c	28,400
(3) Do do to Public Departments	33,500
(4) Pound Fines	2,45,100
(5) Superannuations	2,000
(6) Miscellaneous	20,500
TOTAL	3,30,000

154 Item (2) is really on account of Punitive Police in the Malabar district. Its collection has been discontinued, and the figure must be omitted from the estimate for the future. In 1881-82 Mofussil Municipalities contributed 60 per cent of their Police charges (1,44), and the Madras Municipality were held liable to contribute 40 per cent or 81,5, though the amount was not collected. These contributions were

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- Marine Education

remitted by a Government Order of 9th June 1882, and in lieu of it education charges were imposed in the Mofussil which, according to the answer to one of our questions, were estimated at R70,000. The Madras Municipality pays nothing towards Government educational expenditure, but contributes a sum of R20,000 on account of Hospitals and Dispensaries in the city. We take the figure of future receipts at 3,02

MARINE

155 *Expenditure*—The figures from 1882-83 are 9, 11, 27 and 20. The Budget of 1886-87 gives 39 the increase being due to the provision of 20 for a special marine subsidy which is not now considered necessary. The figure of 1884-85 (27) includes a sum of 11.7 written back on account of certain Port Fund debits of previous years.

156 The expenditure falls under two heads—Pilotage at Cochin and in the Pamban channel, which is covered by receipts, and the salary and establishment of the Second Assistant Master Attendant, who is employed on landing and shipping Government consignments. A special reference has been made to us on this latter question by the Government of India, pending a decision on which we repeat the Budget figure, less 20 for the subsidy above mentioned.

157 *Receipts*—The Budget figure has been taken

EDUCATION

Statistics of past years

158 *Expenditure*—This has been as follows—

Items	1884-85	1885-86	1886-87, Budget	Committee's proposals
1 Direction and Inspection	3.03	3.17	3.13	2.43
2 Government Colleges, General	2.16	2.00	1.97	1.87
3 " " Special	.36	.24	.23	.23
4 Government Schools, General	1.35	1.12	.73	.73
5 " " Special	1.05	1.60	1.46	1.46
6 Grants-in-aid	3.77	4.29	3.33	3.33
7 Scholarships	.20	.12	.20	.20
8 Miscellaneous	.45	.38	.41	.41
TOTAL	12.37	12.92	11.46	10.66

159 The figure of 1881-82, on which the Contract was based, was 10.38, (a) so that there has been a considerable expansion during the five years, which has been contracted in the current year to an excess of about a lakh over the initial figure. There is, however, a further increase of expenditure on education under the head of Contributions to Local Funds.

160 The cost of Direction and Inspection is very large, being 24 per cent of the whole expenditure, and though this is mainly due to the transfer of schools to the Local and Municipal Boards, some efforts might be made to curtail it. There are eight Inspectors

(a) After deducting 4 for the Ordnance Artificers' School transferred to Military charges

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Education

(besides one Inspector), of whom only one is a Native, on two-thirds of the graded salary one of the Inspectors is also employed in Coorg, and the Madras Government pays only one-third of his salary. If the principle is accepted that the Inspectors' attention should be mainly confined to Colleges and High Schools, we think the number might be diminished, and after examining the

Suggested reductions in the number of Inspectors

Circles over which these officers are distributed, we recommend that the number be reduced to five, advantage being taken of the next three retirements to reduce the total. The Government have not, however, agreed to this proposal. All vacancies, after the number has been reduced to five, should, we think, be filled up by Natives on the two-thirds scale of salary, except so far as the Government may think it necessary for special reasons to retain one or two European officers in these posts. The

	₹		₹
(a) 2 @	250	12 @	125
3 @	200	29 @	100
5 @	175	10 @	75
10 @	150		

number of Deputy Inspectors is 71 (having increased from 65 in 1883), and they are more highly paid (a) than is usual for this class. Elsewhere the work is generally done by one Deputy Inspector for a district,

with a sufficient number of Sub-Deputies on from thirty to fifty rupees. Allowing that the large size of the Madras districts requires the appointment of more than one Deputy Inspector to a district, it might still be possible to introduce a cheaper class of Sub-Deputies. But whether this

Local Funds to contribute to the cost of Deputy Inspectors

suggestion can be adopted or not, it seems clear that, as the Deputy Inspectors are almost entirely engaged in inspecting Local Board Schools, a part at least of their salaries should be defrayed from Local Funds. The Government of Madras have informed us that they agree that half the cost should be transferred to Local Boards.

161. There are nine Government Colleges, of which three (Presidency, Government Colleges, Go Kumbakonam, and Rajahmundry) are first class, the rest second class having only a Head and one Assistant Master each. We think the number of these Government Colleges might be considerably decreased, considering that there are seventeen Local Board and Municipal Colleges besides several aided ones, and that higher education has taken root, so that it is hardly in need of direct Government support. In this view the Government agree, they have already ordered the abolition of the Cuddalore College, and agree to treating Calicut in the same way, reducing them both to be High Schools, and they propose to proceed further in the same direction, as they find it to be safe. We take off 10 on this account.

162. There are nine High Schools, one Middle Class School and 52 Boys' Government Schools, Ge and 57 Guls' Primary Schools. The latter are all located in the Hill or Agency Tracts of Vizagapatam and Ganjam, where Local Boards do not exist. Elsewhere the Government has fully carried out the principle of handing over lower education to the Local Boards. In the High Schools, the average cost per pupil is sixty rupees, of which they pay thirty rupees in fees. The number of these schools has already been diminished, and there are now seventeen High Schools under Municipalities and Local Boards, and 75 aided. We have no remark to make on this subject except to observe that Madras appears to be carrying out the principle that Government should gradually retire from higher education as fast as local bodies are found able to take over charge of it, and that, in pursuance of this principle, they will probably find it possible before long still further to reduce the number of Government High Schools.

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Education

163 The Technical Colleges and Schools are a Law College (a branch of the Presidency College), an Engineering College and School, five Training Schools (three for masters and two for mistresses), the Schools of Arts and of Agriculture at Madras, the Madrasa-i-Azam (a Mahomedan School in Madras), and a small Carpentering Class at Rajahmundry. The first pays its way completely by fees. In the Engineering College, each pupil costs R452 and pays R228 in fees, which is a large contribution, the School of Arts costs R237 per pupil, of which Government pays R125, the rest being met by fees and by the sale of pottery. The pupils in the School of Agriculture pay nothing, but the Government inform us that, as soon as the desire for education of this class has taken root, they intend to charge fees. The Madrasa-i-Azam ought to be paid for by the Municipality, but on this subject see the remarks in a separate section (paragraphs 295 *et seq*). We propose no reduction in this grant, being satisfied that the Government is doing all that it can to make technical education self-supporting.

164 Salary Grants are given to Colleges and High Schools, Results Grants to other schools. The total amount increased rapidly up to 1885-86, but has been largely cut down in the Estimates for 1886-87, the decrease being intended to take place, we are told, mainly under the head of Salary Grants for higher education. The number of pupils in the aided institutions is 280,000, and the present figure does not appear excessive. The following details, supplied by the Director, do not agree closely with the Finance Accounts (chiefly because sums are shown here which are debited in the Accounts as Contributions), but may be quoted to show the nature of the distribution of the grant —

	1882-83	1883-84	1884-85	1885-86
Salary Grants	1,58	1,66	1,72	1,97
Furniture Grants	3	3	8	8
Scholarships	7	8	12	11
Building Grants	10	4	19	33
Results Grants, Aided Schools	1,40	1,37	1,55	1,61
" " Local and Municipal Schools	19	29	43	49
" " Free Schools	2	2	2	2
Special for European Schools				14
TOTAL	3,39	3,49	4,11	4,75

165 The last item is for the board and schooling of poor or orphaned European children. The Budget figure has been reduced in 1886-87 by nearly a lakh and a half, and we do not recommend any further reduction.

166 Scholarships have increased more than is shown in item 7 of paragraph 158, since 10 has been transferred to Training Schools. The total is not too large, but of the 20 shown against 1886-87, 13-6 are for scholarships to special schools and colleges, and we think the amount should not be allowed to increase.

167 The main item of miscellaneous expenditure is 30 for printing books, chiefly vernacular school-books, which are sold by the Book Branch at a profit, the estimated receipts being 43. The rest is for the collection of Oriental manuscripts, honoaria, and the Registration work under Act XX of 1847. We make no alteration here.

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Medical

168 The result is to take off 70 for the Local Boards' share in Deputy Inspectors (this is less than half the cost, but some Local Boards are poor) and 10 for the two Colleges, and we fix the Education grant at 10,66

169 *Receipts*—The amount has been falling off, through the transfer of Government schools to Municipal and Local The figures have been—

1884-85	2,11
1885-86	1,77 (against a Revised Estimate of 1,94)
1886-87 (Estimate)	1,88

The fees in Colleges were raised in February 1886, but the increase was appealed against and has not yet been put in force If carried out, it will slightly raise the revenue, but not much The scale of fees appears generally to be fairly high, as compared with other Provinces, especially in the case of the Law Classes, which pay the whole of their expenses We propose to fix the figure for the future not quite as high as the Estimate for 1886-87, viz, at 1,80

MEDICAL

170 The following are the details of expenditure and receipts under this head —

Statistics of past years	1884-85	1885-86	Budget, 1886-87	Committee's Estimate
EXPENDITURE				
Establishment	5,07	4,94	5,13	5,13
Hospitals	3,21	4,02	4,14	4,14
Medical College	94	92	86	59
Sanitary Commissioner	61	62	61	61
Vaccination	7	6	7	7
Grants	16	17	27	17
Lunatic Asylums	80	84	86	80
Lock Hospitals	10	11	13	13
Chemical Examiner	17	17	17	17
Refunds	6		3	3
TOTAL	11,19	11,85	12,27	11,84
RECEIPTS				
College fees	14	16	14	14
Hospital receipts	8	9	9	9
Lunatic Asylum receipts	22	25	22	22
Contributions	41	60	72	72
Miscellaneous	3	2	3	3
TOTAL	88	1,12	1,20	1,20

171 *Expenditure*—The following officers are charged under the head of Establishment —

- (1) Surgeon-General and his Secretary
- (2) Four District Surgeons and a Port Surgeon in Madras.

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- (3) Governor's Surgeon
- (4) Twenty-nine Civil Surgeons
- (5) Two "Honorary Surgeons," or, more correctly, an Apothecary at Chatiapur and a Native Surgeon at Cuddapah
- (6) Twenty-one Assistants to District Surgeons these are Apothecaries or Hospital Assistants
- (7) Eight Apothecaries and six Hospital Assistants

172 As regards the first of these, we have made the recommendation in other Provinces, and we consider it applicable to Madras also, that the Surgeon-General should undertake the Sanitary Commissioner's work in addition to his own

Surgeon General to discharge the duties of Sanitary Commissioner also

Nature of Sanitary Commissioner's work

173. The work of the Sanitary Commissioner may be divided under three heads —

- (a) He receives and deals with the Mortuary Returns of the province. The personal work connected with this is evidently small. It is mostly clerical work, the direction of which involves no great labour.
- (b) He superintends Vaccination, but here there is also an elaborate system of district supervision, and there is a highly-paid separate Inspector of Vaccination (Deputy Sanitary Commissioner), and the returns and general direction may without difficulty be added to the duties of the Surgeon-General.
- (c) He undertakes the sanitary inspection of towns and districts. He and his Deputy are supposed to inspect every year the 54 Municipalities, and to make recommendations for their improvement. They have hitherto proceeded on the system of giving them, at each visit, some small task, in the way of sanitary improvement.

174 In giving their opinions against the possibility of amalgamation, the Surgeon-General and the Sanitary Commissioner both refer to the necessity incumbent upon each of them of making tours for the purpose of inspection and of local conference. But this argument loses weight, when it is considered that the inspections of these two officers, if made at all, must to a large extent be made in the same places. Ninety days' touring of the amalgamated officer will effect nearly as much local inspection and conference, as ninety days of each of the two officers travelling separately. It seems clear therefore that the inspectorial duties of the officers in question need not in any degree suffer by the offices being amalgamated. It must be remembered also, with reference to this part of the work, that there is a Deputy Sanitary Commissioner to aid in it, and that the Civil Surgeons are allowed Assistants (see No. (6) of above list) for the express purpose of enabling them to undertake sanitary duties and to proceed without difficulty into the interior of their districts.

175 We see no reason therefore against expecting the Surgeon-General, with the aid of the Deputy Sanitary Commissioner, to supervise and direct the work of sanitation, as well as that which now falls upon him, and to do all the local inspection necessary for this duty.

176. But for this recommendation, we should have questioned the necessity of having for the Surgeon-General's work two officers of medical qualifications—the Surgeon-General

Secretary to the Surgeon General

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and his Secretary It seems to us that that part of the work, which is too technical to be disposed of by an Office Superintendent, can hardly be sufficient to require two officers for its management and supervision, especially as the Surgeon-General, recently at least, has never been absent on inspection duty. But if the Sanitary Commissionership be added to the duties of the Surgeon-General, it would not be advisable to reduce his working power by taking away the assistance of the Secretary.

177. Another suggestion is that the Sanitary Commissionership might be amalgamated with the appointment of Inspector-General of Jails. In this case a reduction would be feasible both of the Sanitary Commissioner and of the Secretary to the Surgeon-General.

Alternative suggestion for
the abolition of the Sanitary
Commissioner

Medical Officers in Madras
City

178 The Surgeons in Madras city will be dealt with under "Hospitals and Dispensaries"

179 The list of stations to which Civil Surgeons are authorised to be posted contains the following which are not district stations — Negapatam, Rajahmundry, Cochin, Chicacole, Bellam-pore, Guntur, Chingleput, Vellore, Cannanore, and Tellicherry. It is not usual in other provinces to appoint Civil Surgeons to more than one station within a district, and although there may be special reasons in one or two of the above cases (for example, there are jails in one or two of the places), it seems to us that the large excess of the number of Civil Surgeons over the number of districts should be reduced. We also remark that there are two Civil Surgeons at Ootacamund. Though there may be full work for both, the work is more in the nature of private practice than of Government work, and we do not think that Government should be required to pay a second officer, on the ground that there is sufficient private practice for two Surgeons.

180 The orders prescribe that in eight of the stations to which Civil Surgeons may be attached, the officer may be an Uncovenanted officer, but the Government of Madras have taken advantage of this provision in only two cases, so that in this respect also there is room for economy in the medical establishment.

Employment of Uncove-
nanted medical men

181 It may not be possible to make an immediate permanent reduction in the number of commissioned medical officers, because while there are such officers on the staff of the Government, it is cheaper to employ them even in duties where lower-paid substitutes might be sufficient. But the object should be kept in view, and the service should be recruited in future with reference to a reduced number of appointments.

182 The eight apothecaries and six hospital assistants charged under the head of Establishments include the assistants to the four District Surgeons in Madras and the medical subordinates attached to the Assistant Agents in the Hill Tracts, to one or two hospitals, to the Lawrence Asylum, and to the Governor's establishment.

Subordinate establishments

183 The expenditure under this head may be taken for present purposes at the Budget figure, but there will probably be savings on it, as allowance is made for expenditure which is not ordinarily fully incurred. There may also be some special savings in the current year owing to Madras having been called on to supply some medical officers for service in Burma.

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184 The amount shown under Hospitals and Dispensaries is for the most part expenditure upon the hospitals in Madras town. The following shows the names of the institutions provided for and the medical officers attached —

Hospital	Professors attached	District Surgeons	Apothecaries and Assistants	Hospital Assistants	Male Nurses and Matrons
General	Five (a)	Second District	2	1	17 + 35 (c)
Lying-in	Midwifery		2	1	2
Ophthalmic	Ophthalmic		2		
Women's and Children's	.		1	1	1
Lepet Hospital			2		
Four Mofussil Hospitals (b)				5	
TOTAL	7		9	8	55

(a) Medicine, Surgery, Pathology, Hygiene, Pharmacy

(b) Ootacamund, Coonoor, Bhadrachellam, Pallipore Lazaretto

(c) The 35 are ward attendants

185 The first three of the above institutions are worked in connexion with the Medical College which, besides the above seven Professors, has two more, viz —

	Subject
The Fort Surgeon	Anatomy
The Chemical Examiner	Chemistry

There are also some allowances for minor Professorships.

186 With reference to the Medical Staff in Madras, composed of seven Professors, four District Surgeons, and the two officers last named, the following questions arise —

- (1) Whether the Professorial staff can be reduced This depends, as explained in our Note (a) on Bombay, upon conditions that are not within the control of the Government of Madras But, besides this, the Local Bodies make very considerable contributions towards the expenditure on medical education, and this circumstance strengthens the claim in Madras to a high standard of education These contributions amounted in 1884-85 to R11,125 from Municipalities and R26,662 from Local Funds

There are 58 paying students giving a fee income of R7,845, ten female students paying R5 each, and two free students

- (2) Whether the Madras Municipality should not contribute towards the large expenditure on Hospitals in Madras This question has been discussed in a separate section of this Note (*vide* paragraph 301)
- (3) Whether the District Surgeons could not be reduced in number Of these there are four, or, including the Fort Surgeon, five They have additional duties and allowances as follows —

1st —Auxiliary Medical School (R200) and Inspector of Emigrants (R200)

2nd —Superintendent of Hospital for Women and Children (no extra allowance) and of Lock Hospital (R400)

(a) *Vide* paragraph 123 of Chapter VI of this volume

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3rd —Body-Guard, Penitentiary, Jail Guard, and Orphan Asylums

4th —Minor Professorship (R200).

Fort,—Professor of Anatomy, Marine Surgeon.

187 It would seem at first sight possible to provide for the distinct work by some change in the distribution of duties among the Professors, the real difficulty in the way seems to lie in the number of hospitals and dispensaries in Madras which are under their charge. The Surgeon of the First District has charge of the Black Town Dispensary and the Monegra Choultry, the Fourth, that of the Royapetta Dispensary. The similar work of the other officers has already been specified. We would recommend a general examination of the question of the dispensaries in Madras. Considering how little they are contributed to from Local sources, it ought to be possible to provide for them more largely by officers of the Apothecary class, and not in such a way as to require the location in Madras of the present number of highly-paid commissioned officers.

188 The hospitals and dispensaries in the Mofussil, of which there are about 300, are maintained by Local and Municipal Funds, but the expenditure included under Hospitals and Dispensaries contained in 1885-86 R38,565, and in 1886-87 R43,951, on account of payment of a proportion (usually one-fourth) of the salaries of Apothecaries and Hospital Assistants attached to them. This allowance is given in consideration of the officers in question doing any Government work that may be required of them. In connection with this, however, we find that the Government has to pay R25,000 for Apothecaries and Hospital Assistants, and R13,000 of other hospital charges, for the medical treatment of the Police, and that in some cases these amounts are paid at the very places where Government is also contributing to the Local Fund dispensary. It seems to us that the arrangements should be examined in greater detail than is available to us, and that Local Funds should either pay the whole charges of their dispensaries, or make them available for the Police for a reasonable payment.

189 With a view of estimating the existing standard of expenditure under Hospitals and Dispensaries, the figures may be thus divided —

	1881 85	1885 86	1886 87, Budget
	R	R	R
Salaries and Establishment	1,72	1,93	1,87
Supplies and Services	1,17	1,87	2,04
Contingencies	31	22	23
TOTAL	3,20	4,02	4,14

190 The increase therefore appears under the head of Supplies and Services, and there almost entirely under the head of Medicines supplied. It is due to the practice now adopted of charging the Provincial Services first and recovering from Local and Municipal afterwards. The recoveries in 1885-86 were 31 from Municipal (credited as a Medical Receipt), and 40 from Local (under the Contribution head). So that the figure in the estimate may be taken, provided that a corresponding increase of, say, 80 over the standard of 1884-85 comes in under Medical Receipts, and under Contributions. As 31 is provided under the former, 49 is due under the latter.

under Supplies and Services,—
due to different system of
account keeping

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191 We note that the average cost of diet varies singularly in the hospitals in Madras. The General Hospital shows 8½ annas for Europeans and 5½ for Natives, the Eye Infirmary shows 6½ and 4 annas, the Lepet and the Lying-in Hospitals show still lower figures.

192 The question of the Medical College has already been dealt with under Hospitals and Dispensaries, but it remains to note that, in consequence of a change in the system of medical education, it will cease to be necessary to give the stipends, which in the present estimate amount to Rs15,220.

193 This head also includes the Auxiliary Medical School, which has already been referred to, and which has, besides the Superintendent, a staff of three Assistant Apothecaries and two Hospital Assistants, who get special allowances aggregating Rs12-6 a month for instruction given. The school is attended by about one hundred students, of whom five pay fees. Half of these are Native military pupils.

194 It ought to be possible immediately to close this auxiliary Institution. It was required as a relief to the Medical College when, by the extension of dispensaries, the number of students there was too large for convenience. But the number is now only about 200 for both Institutions put together, and is less than is provided for in the similar Medical College at Bombay. The saving by the abolition would be a little over Rs12,000, besides the stipends. On the whole, therefore, a saving of 15 + 12 may be expected to accrue in a very short time, and we take it into account in framing our estimate for the future.

195 Local Funds support two Medical Schools at Mofussil Medical Schools Nellore and Dindigul.

196 We have, under "Medical Establishment," discussed the question of combining the appointment of Sanitary Commissioner with that of Surgeon-General or with that of Inspector-General of Jails. The recommendation we have there made will effect a saving of Rs24,000 a year. We take no credit for it, as the proposal will need the approval of the Secretary of State.

197 We note that a proposal has been made to employ a Sanitary Engineer, who would advise and assist Municipalities, and whose pay would be charged to them. The appointment of this officer, if sanctioned, would be a further argument for merging the Sanitary Commissioner in the Surgeon-General.

198 Included under the head of "Sanitary Commissioner," is an allowance of Rs400 to the Second District Surgeon, who, with his Assistant Apothecary, works the Contagious Diseases Act in Madras and has charge also of the Lock Hospital.

199 Vaccination is almost entirely a Local charge in Madras, as Provincial pays only about Rs7,200 for charges in hill tracts where there are no Local Funds, and in the Bangalore and Secunderabad Cantonments. We think that the Vaccination expenditure in these Cantonments should be transferred to the Government of India estimates, because it is not advisable that such small services should be controlled from such great distances.

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Scientific and Minor Departments

200 Civil Surgeons are sanitary and vaccination officers for their districts, and advisers to the Local Boards. In about 507 villages (out of 51,000) the Local Boards have made conveyance arrangements.

201. There are three Lunatic Asylums in the Presidency. The annual cost is about R80,000, although it is estimated a little higher. Towards this expenditure, the relatives of patients contribute about R3,500, and Municipalities and Local Boards about R18,500.

202 We have no remarks to make on the other heads, except that there is in the year 1886-87 a special charge of about R10,000 on account of Grants for medical purposes. We have taken under this head the figure of former years, which includes all that the Local Government gives us as their normal charge. The principal part of it is a grant of 12 to the Ootacamund Municipality.

SCIENTIFIC AND MINOR DEPARTMENTS (PROVINCIAL)

203 The following are the details under this head —

	1881-85	1885-86	1886-87
	R	R	Budget.
1 Exploration of Minerals		9	10
2 Provincial Museums	21	21	21
3 Observatories	20	18	21
4 Scientific Societies	5	4	4
5 Model Farms	56 (4)	58 (1)	70 (1)
6 Cinchona	85 (37)	73 (98)	84 (96)
7 Public Exhibitions	14	15	16
8 Botanical Gardens	24 (2)	27 (3)	25 (3)
9 Emigration	36 (13)	31 (2)	21 (11)
10 Statistics	37	39	37
11 Examinations	68 (65)	62 (63)	69 (67)
12 Miscellaneous and Refunds	2 (2)	2 (1)	3 (2)
	<u>3,68 (1,73)</u>	<u>3,59 (1,71)</u>	<u>3,84 (1,50)</u>

204 The figures in brackets indicate the receipts. We have no remarks to make on the heads numbered 1, 2, 4, 7, 8, and 12.

205 We note that the Budget Estimate contains provision for a special charge of 4 (honorarium to the Astronomer) which has not ordinarily to be provided for. We may therefore reduce the Estimate under Observatories to 20.

206 The charges misnamed "Model Farms" include—

(a) Assistant Director of Agriculture and his establishment	13
(b) Establishment for the preparation of analytical accounts of districts	8
(c) Experiments for improvement of agriculture	6
(d) Cattle-Diseases Department	43

207 The first two of these figures have reference to the project of framing an analytical account of those districts which are especially subject to famine or drought. The necessity of the work is unquestionable, but we have doubts whether the money is at present being well laid out. Kurnool was the first district taken up, and on 16th September 1884, the Director reported that "so far as materials are avail-

Assistant Director of Agriculture

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Scientific and Minor Departments

able here, the analysis is nearly completed", but he wanted further expenditure on local enquiry. After some further correspondence, arising out of the demand of the Government for information as to the method and scope of the enquiry, the Director, on 14th April 1886, submitted a memorandum by Mr Benson, late of the Saidapet Farm, the officer immediately charged with the enquiry, intended to show what progress had been made. He pointed out that no tangible result was yet presented, that the officer was multiplying his work indefinitely by abstaining from using the information laboriously compiled by the Survey and Settlement and other Departments, and that the enquiry was being dealt with in an unmethodical way without reference to time or money. He desired to be placed in a position to insist on the performance of a fair tale of work by the establishment. We cannot find that any definite result has yet been attained, and the establishments have now been working for over two years in one only of the many districts included in the scheme.

208 The Cattle-Diseases Department was recently constituted, and consists of Inspectors located in the districts working under the direction of a Veterinary Surgeon at head-quarters. We think the Local Funds should be called on to pay a portion of these charges.

209 For the working of the Cinchona Plantations, we accept the Budget Estimate. These plantations have paid their way, and have now reached a stage, at which the Government rather abstains from making out of them all the profit they might make, in order to avoid competition with commercial interests.

210 Emigration might be expected to pay its way a little better. The charges up till 1885 were composed of—

Protector and Medical Inspector, about	R 8
Consuls at Pondicherry and Karikal	„ 29

There has been a small reduction of expenditure by the amalgamation of the two Consular Agencies. We understand there is some difficulty about raising the fees, by reason of the understanding entered into with the French authorities.

211 The Statistical establishments are maintained for registering trade with Native States.

212 The Examinations for qualification for the public service form in Madras a large department. The directing authorities are the Director of Public Instruction and an officer of his department who is Secretary. The examinations are held all over the Presidency, and the examiners and other officials employed divide in the form of honoaria the receipts by fees. The figures indicate some doubt as to whether the amount thus distributed in honoaria does not exceed the available amount, and if expenditure of a general kind (rents, stationery, time occupied, &c.), were taken into consideration, the account would certainly show a considerable loss. The Secretary, who is a Government servant, gets the handsome fee of R4,200 a year, and we are inclined to think some of the other honoaria are somewhat high, considering they are, to a considerable extent, extra allowances paid to Government officers for work done in, or out of, office hours.

213 On the whole account, our estimate for this head is the Budget Estimate of Receipts 1,80, and 4 less than the Budget Estimates of Expenditure, or 3,80.

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Superannuation Allowances and Pensions

Stationery and Printing

SUPERANNUATION ALLOWANCES AND PENSIONS

214 *Expenditure*—The payments on this account have been steadily increasing, the five years of the Contract, including Budget Estimate for 1886-87, showing 8,40, 8,62, 9,16, 9,52 and 9,76. From an analysis given by the Accountant-General, it would appear that the largest share of the increase is in the pension list of the Police, which stood, at 1,27 in 1882 and at 2,16 in 1885, giving an increase of 89, whereas all the other departments put together show, in the same three years, an increase of 22 only. If this rate of increase continues, 9,76 is evidently too small an estimate for 1886-87, and can be accepted only pending the preparation of the Revised Estimates.

215 *Receipts*—The receipts are pretty steady, and may be taken at 24

STATIONERY AND PRINTING

Detailed sub heads

216 The following heads are separately shown —

	1884-85	1885-86	1886-87, Budget	Committee's estimate
<i>Expenditure—</i>	R	R	R	R
Stationery Office	25	28	29	29
Stationery supplied	3,98	4,17	4,00	4,00
Printing	3,26	3,05	3,31	3,25
Other charges	12	13	12	12
TOTAL	7,61	7,63	7,72	7,66
<i>Receipts</i>	84	1,02	78	78

217 *Expenditure*—The slight increase in the cost of the Stationery Office is due to an increase of establishment recently allowed by the Government.

218 The consumption of stationery appears to be fairly estimated at four lakhs, and to have increased only slightly over the standard of five years ago. The indents of officers are carefully scrutinised with reference to their past expenditure, and, in recent years very elaborate comparative statements of the consumption of the various officers have been submitted by the Superintendent to the Government and have formed the subject of orders issued and enunciated by the latter.

219 The Stationery Office has of late years, especially in 1885-86, been largely increasing its purchases of country-made stationery.

Printing

220 The charge for Printing may be shown under the following heads —

	1883-84	1884-85	1885-86	1886-87, Budget
Secretariat Press	R 2,19	R 2,00	R 1,80	R 1,86
Collectorate Presses	86	80	80	86
Private „	46	46	45	58
TOTAL	3,51	3,26	3,05	3,30

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Stationery and Printing

221 The Secretariat Press charges include those for the printing of forms by jail labour at the Penitentiary Press. We are hardly in a position at present to pronounce an opinion as to the economy of the arrangements, but the cost appears of late years to have been diminishing. The annual report shows, as in other similar cases, a large "profit" in working, but that merely indicates that the work is valued at very much more than it costs.

222 The Superintendent in his annual report to Government deals fully with the question of the amount of printing required of the Press by the various indenting officers.

223. The Collectorate Presses are a system peculiar to Madras. They cost about Rs80,000 a year, and they have corresponding receipts of about Rs15,000. Of the receipts, about 5,000 or 6,000 rupees are due to subscriptions received to the district Gazettes, and over Rs30,000 to payments for private work, which we understand to mean, for the most part, the proceedings of Local and Municipal Boards, which are printed at the cost of these Boards in the district Gazettes.

224. We are somewhat doubtful of the justification for this expenditure, but the Government of Madras attach some importance to the system, and consider that the circulation of certain classes of orders and instructions among subordinate officials and Revenue officers is of great service in the working of their Land Revenue system. We are not disposed, therefore, to recommend any interference with it. So far as we can find, there would not appear to be much economy, and there would be some inconvenience, in centralising the work, as the Presses, under the existing organisation, are made useful for several minor purposes. Their working is carefully reviewed by the Board of Revenue, but we hardly see the use of valuing the work at nominal rates, twice as high as the actual cost, as such a comparison is apt to lead to a wrong judgment on questions of economy of working.

225 A charge of Rs1,000 for the Resident's Press, Mysore, has been added in the estimates, but it apparently should have no place in the Madras Provincial Budget.

226 The printing at Private Presses is permitted in a certain limited number of cases. We have nothing to remark on the arrangements made for this printing, which seem to tend to economy and convenience. The Government Press, we understand, could do the work somewhat more cheaply, but it is not possible at present, for want of room, to arrange for its undertaking it. The charges, however, are always examined and passed by the Superintendent.

227 The Budget for 1886-87 includes under this last head of Private Presses an exceptional provision of Rs5,000 for printing certain papers of the Madras Observatory. With the exception of this amount, and of the Rs1,000 mentioned in paragraph 225, we may make provision in the future according to the Estimate for 1886-87. The "Other charges" in the statement in the heading are for lithography.

228 *Receipts*—The receipts show only slight variations from year to year. There were some special receipts (with counterbalancing expenditure under Stationery) in 1884-85, but, with this exception, the Budget Estimate agrees fairly with past years' figures.

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Miscellaneous.

MISCELLANEOUS

229 The Miscellaneous expenditure and receipts of the Government of Madras are composed of the following items —

	1883 '84	1884 '85	1885 '86	Budget, 1886 '87	Committee's Estimate
<i>Expenditure</i>	R	R	R	R	R
Destruction of wild animals	82	1,21	1,06	1,20	80
Charitable donations	65	68	58	64	64
Establishments for stamping weights and measures	17	18	20	20	20
Other petty establishments	3	2	2	2	2
Rates, rents, and taxes	30	26	14	25	25
Language examinations	18	13	15	14	14
Books and publications	23	17	11	10	10
Other charges	21	17	27	19	19
TOTAL	2,59	2,82	2,53	2,74	2,34
<i>Receipts</i>					
Unclaimed deposits	28	25	32	25	25
Fees and fines	21	22	27	24	24
Other receipts	30	26	25	26	26
TOTAL	79	73	84	75	75

230 *Expenditure* — The rates of the Rewards for the Destruction of Wild Animals were very much raised in 1881-82, or rather the maximum rate was then allowed to be paid in all cases. The expenditure accordingly rose from 26 in that year to 121 in 1884-85. The measure does not appear to have been successful in procuring either greater destruction of wild beasts, or greater protection to human life, and the Madras Government have intimated their willingness to reconsider the rates allowed and to accept for the future an estimate of 80 only.

231 The Charitable Donations include about Rs6,000 of ancient obligations in respect of contributions to poor-houses, and about Rs16,000 of grants for the maintenance of orphans received from the last famine. We have suggested to the Government of Madras an examination of the latter class of charges, as they ought to be showing a diminution, and should not be allowed to pass into permanent payments.

232 The establishments for Stamping Weights and Measures are paid for by fees.

233 The Rents, Rates and Taxes include Rs21,600 of Municipal rates in Madras, Rs1,400 in Bellary, Rs1,100 in Ootacamund, and Rs1,700 in other stations. Regarding the first of these we have made a proposal below (see paragraphs 309 and 310). The whole amount paid to the Madras Municipality is about Rs51,000, as, besides the amount charged under this head, there are charges under departmental heads as follows — Customs, Rs3,169, Administration, Rs1,721, Law and Justice, Rs8,620, Police, Rs1,416, Education, Rs2,415, Medical, Rs6,706; Minor Departments, Rs2,078, Pensions, Rs1,098, Salt, Rs4,346, and some other sums under Rs1,000.

234 The rewards for Language Examinations are perhaps not very high for a polyglot Presidency, such as Madras, but we have some doubt whether lower standard tests should not rather be made obligatory on officers already in the service, in some of the cases in which rewards are given. The rewards in these cases are, however, very small.

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Post Office Public Works

235. We understand that a heavy charge is now being incurred under Special Commissions of Enquiry, which will raise the Revised Estimate, but which will not recur.

236 The cost of Books and Publications the Government in their estimates reduce to R10,000 The figures include the Civil and Army Lists and the cost of the registration of books

237 *Receipts* — The receipts are very steady in amount, and we take them at the Budget figure.

POST OFFICE

238 The figure under this head is a grant of 1,07, which is made over to the Imperial Post Office Department We think that either this grant should cease, and all expenditure be dealt with as Imperial, and be subjected to departmental control, or that, the grant being given, the Local Government should see that it is used in the interests of the rural population, or for the purposes of official correspondence where the arrangements are otherwise insufficient We understand the Local Government prefers the latter course, and we therefore retain the grant

PUBLIC WORKS

RAILWAYS

239 The provision in this year's Budget estimate is—

	R
Surveys	35,000
Subsidy, Nilgiri Railway	50,000
TOTAL	85,000

240 The railway surveys in progress will be completed this year, and as no other surveys are now contemplated, no provision on this account is necessary It is not yet known whether the promoters of the Nilgiri Railway will be able to raise the funds needed for carrying out the project, we consequently propose to make no allowance on this account in the new Contract The Government of India has approved of the concession, for which a contract has been made with the Company, and as the charge on this account would have had to be provided for in the Provincial Contract, had the railway been commenced, any payment, that may hereafter have to be made on this account, should be provided for by a special addition to the Provincial allotment, that may now be fixed Meanwhile, no provision under this head is necessary

IRRIGATION AND NAVIGATION, MINOR WORKS

241. *Revenue* — The actual transactions under this head, which are almost entirely receipts of the Buckingham Canal, have during the last few years been as follows —

	R
1882-83	1,41
1883-84	55
1884-85	53
1885-86 (Revised)	53
1886-87 (Budget)	54

242. The falling-off is attributed to an alteration in the system of granting boat licenses on the Buckingham and connected canals An increase of Revenue is anticipated at no distant date We place the estimate at the figures of the current year's Estimate, viz, R54,000

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Public Works — Civil Works

243. *Expenditure.*—The amounts of the outlay under this head have been as under —

	1881-85	1885-86, Revised	1886-87, Budget
<i>Capital</i>	₹	₹	₹
Buckingham Canal	2,22	2,41	2,24
Madras Water-supply	6	12	18
Sundry Surveys	50	71	72
TOTAL	2,87	3,24	3,14
<i>Revenue</i>			
Buckingham Canal	96	1,27	96
Madras Water-supply	62	1,70	18
Vedarniem Canal		2	7
TOTAL	1,58	2,99	1,51
GRAND TOTAL	4,45	6,23	4,65

244. A considerable capital outlay is still needed to complete the Buckingham Canal, and as this is considered to be a work of much value as a line of communication, and will become of more importance when the railway between Bezvada and the Singarem Coal-field is completed, it does not appear desirable to reduce the present rate of outlay, and we, consequently, recommend that the outlay during the next five years shall be carried on at the present rate of ₹2,24,000

245. A sum of ₹22,000 is still needed to complete the Madras Water Supply project. We consequently propose to assign an annual sum of ₹1,400 on this account, in financing the new Contract

246. As the survey work now in progress will be wound up this year, no further provision on this account will be necessary

247. An annual grant of ₹95,000 may be provided for revenue outlay on the Buckingham Canal. We are informed that the annual outlay in connection with the Madras Water Supply project will amount to about ₹20,000, and provision must be made to this extent. ₹7,000 will also be necessary for maintaining the Vedarniem Canal

248. The grant under this head will thus stand as under —

Buckingham Canal, Capital	₹
Ditto Revenue	2,24,000
Madras Water-supply, Capital	95,000
Ditto Revenue	4,100
Vedarniem Canal, do	20,000
	7,000
TOTAL	3,50,100

or, say, ₹3,51,000

CIVIL WORKS

249. *Revenue* —The Revenue since 1882-83 is—

1882-83	₹
1883-84	79
1884-85	1,47
1885-86	1,08
1886-87	1,12
	1,10

We place the future estimate at ₹1,10,000

The Future Provincial Contract with Madras

Public Works—Civil Works

250 *Expenditure*—The transactions under this head during the last few years are as under —

	1881 82	1882 83	1883 84	1884 85	1885 86, Revised	1886 87, Budget
	R	R	R	R	R	R
Original Works	4,74	11,33	13,95	15,44	9,32	8,74
Repairs	1,48	1,87	1,99	2,59	2,24	2,91
Establishment	7,06	5,24	5,38	6,45	7,31	8,24
Civil Officers	2,16	2,85	2,65	3,85	2,50	3,55
Other items	—79	—1,27	63	82	47	1,11
TOTAL	14,65	20,02	24,60	29,15	21,84	24,55

251 The average outlay in the five years ended 1885-86 amounted to **R22,05,000**. After investigating these figures, and considering that the outlay for some years prior to 1882-83 was only **R19,20,000**, we are of opinion that the grant may now be fixed at **R20,00,000**.

252 It must be remembered that the care of roads is for the most part made over to Local Boards, so that these figures almost entirely represent expenditure on buildings. It will be seen from paragraph 287 that, in addition to what here appears, a sum of 1,00 is allowed for roads under the head of Contributions to Local Funds.

253. Omitting Original Works for the present, we offer the following remarks on the other heads

254 It is enough to allow 2,30 under the head of Repairs. The average of the three years 1883-84, 1884-85, and 1885-86 was 2,27 and the expenditure before those years was much smaller.

255 We have the following particulars of the distribution of the whole charge for establishment in the Presidency —

		1882 83	1883 84	1884-85	1885 86, Actuals	1886 87, Budget
		R	R	R	R	R
<i>Imperial</i>						
1 Minor Irrigation Works		4,87	5,15	5,78	6,39	6,73
2 Other Imperial Charges		6,88	7,79	7,28	7,34	7,86
TOTAL		11,75	12,94	13,06	13,73	14,59
<i>Provincial</i>						
3 Minor Irrigation Works		74	87	1,41	1,87	1,61
4 Civil Works		5,24	5,38	6,45	6,58	8,24
5 Contributions					45	30
TOTAL		5,98	6,25	7,86	8,90	10,15
6 Local		33	30	31	19	27
GRAND TOTAL		18,06	19,49	21,23	22,82	25,01 (a)

(a) The details work up to 25,01, but only 24 59 has been granted

256 The charge which comes under our present cognisance is that against No 4. Both that portion of the charge and the whole charge have increased by more than 30 per cent since 1882-83, and we think measures should be taken to reduce them. We do not

Increase of cost since 1882

The Future Provincial Contract with Madras

Public Works—Civil Works

think we should take in the Contract more than 6,50, as required for payment on this account

257. In the following statement the actual establishment employed during the year 1881-82 and its cost are compared with the establishment employed in August 1886 and with the actual cost of the same for the six months ended 31st August 1886. It will be seen that while the establishment cost Rs. 1,18,000 a month in 1881-82, it now costs Rs. 1,62,000 a month.

Statement comparing the former and the present cost of the Madras Public Works Establishment

CLASS OF ESTABLISHMENT	NUMBERS				Cost	
	On 30th September 1881	On 28th February 1882	On 31st August 1886		For 1881-82	For six months to end of August 1886
			Permanent	Temporary		
Chief Engineers	2	2	2		Rs	Rs
Superintending Engineers	5	6	7		6,23,350	3,93,505
Executive Engineers	25	36	41			
Assistant Engineers	35	29	17	12		
TOTAL, ENGINEER ESTABLISHMENT	(a) 67	(a) 73	(a) 67	12	6,23,350	3,93,505
Upper Subordinate establishment	158	171	253		2,92,657	2,26,055
Lower Subordinate establishment	18	19	32		6,930	7,347
Petty establishment	1,653	1,667	2,201		1,64,442	1,10,616
Office „	801	893	1,053		2,51,607	1,85,053
Account „	54	60	65		76,497	49,019
TOTAL					11,15,483	9,71,595

(a) Includes officers of the Accounts Branch

258 The reduction made in outlay generally will probably render a reduction in establishment necessary, and although any reduction of the permanent establishment is deprecated by the Madras Government, we do not see how it can be avoided.

259 By an error of procedure which has since been corrected—though not in time to affect the Budget Estimates for 1886-87—Expenditure by Civil Officers—the charges for Petty Construction and Repairs, which should be taken to their several departmental heads, have been charged to Public Works, “Civil Officers.” The total of this head is made up as follows—

	1883-84	1884-85	1885-86	1886-87, Budget.
	Rs	Rs	Rs	Rs
Petty Construction and Repairs	2,02 5	2,42 3	1,77 6	2,60 0
Miscellaneous Public Improvements	2 6	87 6	3 3	2 0
Communications	59 5	55 4	65 6	93 0
TOTAL	2,64 6	3,85 3	2,46 5	3,55 0

The Future Provincial Contract with Madras

Public Works—Civil Works

260 An examination of the figures of past years gives us the following as probable estimates for Petty Construction and Repairs.—

Petty Construction and Repairs	Budget, 1886-87 R	Committee's estimates R
Land Revenue	72	60
Customs and Excise	15	6
Law and Justice	25	25
Jails	25	25
Police	73	70
Cattle Pounds	25	20
Other Heads	25	25
TOTAL	2,60	2,31

261. For estimate purposes these will be taken under this head of Civil Works, though the accounts will show the amounts under their several departmental heads.

262 The second head of the statement in paragraph 259 contains only a small payment of R2,000, the large figure of 1884-85 representing a special grant to the Madras Municipality.

263 The third head—Communications—represents the expenditure in the Hill Tracts of Ganjam and Vizagapatam, which would be Local Fund expenditure if there were Local Funds in those places. We may provide R60,000, being the average of the last three years.

264 We get thus for the whole grant under this head $2,31 + 2 + 60 = 2,93$

265 The obligatory expenditure on Civil Works may therefore be placed as under—

	R
Repairs	2,30,000
Establishment	6,50,000
Civil Officers	2,93,000
TOTAL	11,73,000

266 This will leave, out of the proposed assignment of 20 lakhs, R8,27,000 for outlay on Original Works, Tools and Plant, and Suspense. Allowing R50,000 per annum for expenditure on Tools and Plant and Suspense, which appear a full provision, R7,77,000 per annum will be available for outlay on Original Works.

267 We have been supplied with lists of the Civil Works sanctioned and proposed by the Government of Madras, for which funds will be needed after the close of 1886-87.

268 These lists may be classified as under—

I Works in progress—	R
Government House, Ootacamund	80,500
Jail at Trichinopoly	63,700
Collector's Office, Bellary	26,000
23 buildings under R25,000 each	1,59,800
Ghat roads in Vizagapatam	2,42,700
Ghat roads in the Wynnad	6,17,300
Ootacamund water-supply	35,000
TOTAL	12,25,000

With regard to the first item, we understand that the work is completed and no further expenditure is required. The estimate should therefore be closed.

The Future Provincial Contract with Madras

Public Works — Provincialisation of Irrigation

II. *Works not commenced* — These works are divided into two classes— (1) urgent, and (2) ordinary. Of the eighty-three works (all of them being buildings) classed as urgent, it is estimated that sixty-six buildings will cost about R7,50,000, for the remaining seventeen works estimates have apparently not been prepared. Fifty-nine works (also all buildings) are entered in the list of ordinary works, estimates amounting to about R85,000 have been prepared for sixteen works, the amount needed to construct the remaining forty-three works is apparently not known.

269 The amount needed to complete works in progress and for the sixty-six urgent and the sixteen ordinary works for which estimates have been prepared, comes to about R20,60,000, so that, if we fix the annual grant for Original Works at R7,77,000, a sum of R18,25,000 will be available during the next five years for outlay on other works for which estimates have not yet been prepared. As the bulk of the outlay on Communications in the Madras Presidency is met from Local Funds, the proposed grant does not appear to involve any excessive reduction.

PROVINCIALISATION OF IRRIGATION

270 *Expenditure* — The following figures are taken from the Finance and Revenue Accounts, and include the whole of what are classed as Minor Irrigation Works, Imperial, in Madras —

	1882-83	1883-84	1884-85
	R	R	R
IRRIGATION—MINOR WORKS—			
A <i>Irrigation works for which Capital and Revenue accounts are kept—</i>			
Capital outlay	1,18,020	3,180	12,820
Revenue outlay	81,550	71,200	57,900
TOTAL	1,99,570	74,380	70,720
B <i>Irrigation works for which neither Capital nor Revenue accounts are kept—</i>			
New works	2,86,430	2,50,130	2,61,710
Repairs	9,21,210	10,08,250	11,63,240
Establishment	3,90,720	4,23,580	4,89,580
Tools and Plant	15,930	22,850	21,900
Miscellaneous		50	220
TOTAL	15,67,320	16,99,860	19,39,600
C <i>Agricultural works for which neither Capital nor Revenue accounts are kept—</i>			
New works	1,61,870	1,62,400	1,37,190
Repairs	2,91,190	1,87,650	1,97,730
Establishment	1,05,140	77,660	75,810
Tools and Plant	6,790	5,010	3,270
Miscellaneous		190	1,130
TOTAL	5,67,990	4,32,910	4,15,130
GRAND TOTAL	20,98,810	22,07,240	24,24,950
Deduct English Stores	10,570	13,810	650
NET EXPENDITURE	20,88,270	21,93,430	24,21,800
RECEIPTS	22,630	24,300	19,110

The Future Provincial Contract with Madras

Public Works - Provincialisation of Irrigation

271 As regards Class A, the only Capital outlay remaining after the end of 1886-87 is Rs1,94,994 on the Palar anicut, and Rs10,858 for the Pelandoai anicut. We would suggest that the Provincial Government might accept this charge and get a special assignment of Rs68,500 during each of the first three years of the Contract. The future Revenue outlay they estimate at Rs54,000 annually, which we would also Provincialise.

272 The main question, however, is with reference to the works classed in the above statement as B, which are, for the most part, the numerous tanks scattered over the Presidency, regarding whose condition there has been a long discussion between the Government of Madras and the Imperial Government. The revenue derived from them is almost entirely Land Revenue, and a considerable portion of the land revenue of the province is dependent upon them. They are not at present in a satisfactory condition, and projects for their restoration have for some time been under preparation and discussion.

273 The distribution of the charges under this head is as follows —

CLASS B—	1884-85	1885-86	1886-87, Budget
	R	R	R
(a) Works under the general scheme of "Tank Maintenance"	1,87,069	3,34,975	7,00,000
(b) Ordinary tank works, <i>vide</i> detail below	14,07,726	11,05,998	10,15,606
(c) Old maintenance charges for works for which Capital and Revenue accounts are kept	3,44,809	3,50,472	3,43,694
TOTAL	19,39,604	17,91,445	20,59,300

Statement showing the details of expenditure incurred and of work done on Ordinary Irrigation Tanks

	1870-80	1880-81	1881-82	1882-83	1883-84	1884-85	1885-86	Budget grant for 1886-87
	R	R	R	OUTLAY R	R	R	R	R
<i>Ordinary Irrigation Works under the charge of the Public Works Department</i>								
Original works—								
Major	50,764	60,519	90,756	1,19,731	1,15,400	1,18,383	82,905	30,504
Minor	82,621	61,605	75,989	1,10,260	1,22,530	1,10,466	98,932	1,00,000
Repairs—								
Maintenance	5,91,989	4,76,079	5,60,685	6,05,486	5,51,795	5,81,065	70,802	5,22,485
Restoration							3,35,300	
Special							1,03,745	
Establishment	2,52,320	2,08,310	2,14,890	1,91,932	1,81,000	1,87,806	1,67,938	1,61,487
Tools and Plant	23,706	17,577	16,455	12,500	12,133	8,272	6,816	6,530
TOTAL	10,01,400	8,26,520	8,98,775	10,39,912	9,82,876	10,05,992	8,56,438	8,11,006
"Minor" Irrigation Works under the charge of Collectors		87,078	1,13,067	1,67,985	3,19,050	1,01,619	2,19,530	2,75,000
GRAND TOTAL	10,01,400	9,13,598	10,11,842	12,27,897	13,01,931	14,07,611	11,05,968	10,86,006

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Public Works—Provincialisation of Irrigation

Statement showing the details of expenditure, &c.—continued

	1870-80	1880-81	1891-92	1892-93	1893-94	1894-95	1895-96	Budget grant for 1896-97
"Imperial" Works	WORK DONE							
Number of surplus weirs constructed (a)	R 112	R 116	R 85	R 117	R 118	R 138	R 89	
Number of sluices constructed (a)	106	51	82	85	89	97	105	
Number of works repaired and maintained	No information available							307
Number of works to which special repairs have been carried out			713	658	852	1,172	101	
Number of works restored							639	
"Minor Irrigation Works repaired"	No information available					1,901	1,190	

(a) These figures do not include work done under Major Works

A B—1 The total number of Imperial Works under this head in the Presidency is 3,664, and that of 'Minor' Irrigation works 28,292

2 Until February 1880 the Public Works Department had charge of all Irrigation Works. Since then those which irrigate less than 200 acres of land are, except in special cases, placed in charge of Collectors

3 The expenditure incurred on repairs prior to 1885-86 cannot be divided into "Maintenance," "Restoration," and "Special" without reference to Executive Engineers

274 We have been seeking a means of Provincialising the expenditure upon these tanks, so that the Local Government may have a direct interest in procuring their restoration as quickly and as cheaply as possible, and in maintaining them in an efficient condition. The plan we have to propose in this respect, after discussion of the matter in detail with the local officers, is as follows—

First, we are informed that the Revenue statistics maintained in the ordinary course of business are sufficient to fix for each tank the revenue directly dependent upon it. That is, that for each tank it will be possible to lay down, as the present standard of revenue, the average revenue demand for the last five years dependent upon it, and that similarly it will be possible in each future year to say what the revenue-demand on the same land is. The excess of any future revenue, as compared with the present standard, we call the increase.

275 There are very great difficulties in distributing the charges incurred between Capital and Revenue expenditure, but it is not difficult to distribute the outlay between that due to the general scheme of Tank Restoration (a) and the ordinary works undertaken before that scheme was laid down. The distinction is somewhat fine, but we define it by saying that repairs of the tanks undertaken because the embankment has burst, or is in a dangerous state, or to clear the channels—repairs, in short, whose object is to prevent the land revenue from falling off—should be classed as Ordinary Repairs. When, on the other hand, work is undertaken not through immediate pressure, but as part of a general scheme for improving a whole series of tanks, increasing the storage of water, and thereby increasing the irrigated area and the land revenue arising from it, such expenditure should be classed as Tank Restoration.

276 We estimate on the basis of past figures that the amount required to meet the expenditure on ordinary repairs is 12 lakhs, and we propose that an assignment of this amount shall be made to Provincial Revenues for the period of the Contract. The

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Public Works —Provincialisation of Irrigation

Provincial Government will of course be at liberty to spend any additional sum that it can provide out of increasing revenue or by reductions elsewhere. It should be understood that, if this sum of 12 lakhs is assigned, an obligation exists to spend it on this class of works, and not to divert it elsewhere.

277 With regard to Tank Restoration, Colonel Hasted's Note of 27th November 1882 contained the following estimate of expenditure —

	Expenditure	Lakhs
1883-84		15
1884-85		3
1885-86		45
1886-87		7
1887-88		10

The Note was approved by Sir E Baing, and the sums estimated were Eight lakhs to be granted as capital expenditure promised as far as regarded the period of the Contract now expiring. But in 1885-86 and 1886-87, on account of financial difficulties, the grants were reduced. We think eight lakhs may be taken as the annual sum which may reasonably be spent on this scheme, and we propose that it should be treated as capital expenditure (under Irrigation, Minor Works) and interest paid on it to Imperial at 4 per cent. As, however, restoration work cannot be expected to have an immediate effect, the Provincial Government should pay nothing for the year in which the expenditure is incurred, nor for the next year, but should pay 4 per cent in the year after that. It would also have to pay the annual maintenance charge on these tanks.

278 On the Receipt side, and to meet this charge, the Provincial Government would receive the whole of what has above been defined as the "increase of revenue" The net amount of increase on the one side (less the quarter which will already have been credited as the Provincial share of Land Revenue), and of payment of interest upon the other, would be in the accounts a transfer between Imperial and Provincial

279 In proposing this to the Provincial Government, we note that, supposing they spend in this way out of Imperial resources as much as eight lakhs a year, the whole charge for interest that they will have to meet during the five years of the Contract comes to Rs.1,92,000, and the reports, which they have drawn up as to the advantage to be derived from carrying out the Tank Restoration scheme, show that they anticipate more than this amount of benefit to the revenue.

280 There remain the Agricultural Works of Class C, which are mostly
Embankment works embankments along the rivers, of a protective rather
than immediately productive nature We think they
might be Provincialised at an estimate of R4,00,000

281 The whole assignment, therefore, at which we propose that the works be Provincialised is—

	R
Class A, Chembrambakum Tank and Palar and Pelandoran anicut, Revenue outlay	50,000
„ B, (b) Ordinary Tank repairs	12,00,000
„ B, (c) Old maintenance charges	3,50,000
„ C, Agricultural Works	4,00,000
TOTAL	20,00,000

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Transfers between Provincial and Local

together with a grant of R68,500 for three years for Class A, Capital, and the special arrangement above defined for Class B(a)

282 *Receipts* — The direct receipts would be estimated at R20,000

TRANSFERS BETWEEN PROVINCIAL AND LOCAL

283 These contributions express the result of several mutual arrangements. Most of them are of a practically permanent nature. The details of the transfers from Local are as follows —

Transfers from Local to Provincial

	1884-85	1885-86	1886-87, Budget	Committee's Estimate
	R	R	R	R
1 Deputy Inspectors of Schools .	27	3	28	
2 Sanitary Inspectors (a)	31	28	29	29
3 Medical College	24	22	29	29
4 Presidency Establishment (b)	49	49	51	51
5 Public Works (c)	2	14		
6 Repair of Medical instruments .	1	1	1	1
7 Reserve of Medical Subordinates	2	2	2	2
8 Local Fund Audit (d)		15	15	15
9 Medical Supplies to Dispensaries . .		25	45	45
10 Government Press	6	18	6	6
11 Occasional payments and loans	46	36	26	1
TOTAL	1,88	2,08	2,32	1,79

(a) Assistants to Civil Surgeons

(b) In the Secretariat and in the Accountant General's office

(c) Payment for estimates drawn up and similar work

(d) There used to be an audit clerk in each Collector's office, but the work is now concentrated under the Accountant General's Local Audit Department

284 The whole of these are charges upon the District Local Funds with the exception of about R4,000 under Presidency Establishments which comes from the Village Service and General nature of contributions Canal and Ferry Funds. The contributions are in re-imbusement of services either of a general or of a special kind, which are paid for in the first place by Provincial. The contributions of a general kind are Nos 2 and 3, which are fixed at $\frac{1}{2}$ per cent of income, the others are calculated so as to be a re-imbusement of the actual cost of work done or the actual amount of expenditure incurred.

285 The first contribution in the list, that for Deputy Inspectors of Schools, has now ceased, and the entry of it in the Budget Estimate of 1886-87 was a mistake. We have proposed, in our remarks on Education, that it should be continued, and even enhanced, but as we have taken account of it there as a transfer of half the charge to Local Funds, it has not to be reckoned here as a contribution from them. We have also proposed that a contribution be taken on account of the charges for Cattle-Disease Inspectors, but we do not reckon it at present in our figures.

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Adjustments

286 The transfers to Local are as follow —

Transfers from Provincial to Local

	1884 85	1885 86	1886 87, Budget	Committee's Estimate
	R	R	R	R
Grants-in-aid to Schools	36	46	76	46
Surplus of Cattle Pounds .	30	40	32	32
For Public Works .	1,23	1,25	1,50	1,00
For Medical	3	3		
For Choultries	16	16	16	21
For general purposes	17	17	18	18
Occasional and Loans	45			
TOTAL	2,70	2,47	2,92	2,17

The first of these heads represents the grants made to certain Secondary schools, of which the management was recently transferred to the Local Boards. The transfer has been going on for some time, but is probably complete now. The Budget was taken at 76, being the same figure as the Revised of 1885-86, but the actual expenditure of that year turned out to be only 46. The grants are given under the system applicable to schools generally, the maintenance of schools from Local Funds being dealt with as if they were contributions from private sources. For the reasons stated under Education, we think that the grants in aid of Secondary education should not be further increased, and we take 46 as the amount required under "Contributions."

287. The grants for Public Works are of a permanent nature so far as regards the sum yearly paid to the Nilgiri District Fund. The revenues of that fund are insufficient to maintain the roads, and the maintenance of these has therefore to be dealt with as a Provincial work — only that, instead of being spent directly, the amount is made over to the District Board for expenditure. The same may be said of the grants to the South Canara District, where there are heavy ghât roads. A lakh of rupees is a fair estimate of the necessary demand on these two accounts.

288 The rest of this grant represents aid given to Local Boards, when for any special reason they find it necessary to make a larger outlay on roads than the local resources will meet, for example, the South Arcot District Fund has this year received a grant to enable it to bear the heavy charges of repairs following the recent floods. We do not estimate any expenditure under this head, as it will be dealt with as part of the ordinary Civil Works expenditure of the Government.

289 The grants for Choultries represent for the most part payments of old standing now made to the Local Boards to whose management the Choultries were made over. The principal of these is the Munio Choultry, at Gooty, erected and endowed by Government in memory of Sir Thomas Munio, who died near that place. The amount to be estimated under this head is 21, the figure of the Budget being an error.

290 The grant for general purposes is practically an addition to the general purposes portion of the revenues of some of the Funds, in which it is too small to meet the expenditure.

ADJUSTMENTS

291 We append to this Chapter two statements, A and B, which show the total and the Provincial share of all Provincial and divided heads according to the Budget of 1886-87, the total estimates of revenue and expenditure now adopted under the same heads, and

The Future Provincial Contract with Madras

The Madras Municipality

the Provincial share of each, both according to the system now in force, and also under the system prescribed for the future Contract in the Government of India letter No 2187, dated 26th July 1886, Department of Finance and Commerce

292 We have presumed that the new Contract will annul all adjustments made since 1882 in the current Contract on account of Adjustments in the current Contract will be annulled modifications in the distribution of revenue and expenditure They amount to 3,43 net (5,85—2,42), and are shown in Statement A only to facilitate comparison between the existing and the proposed Contracts

293 The refunds of the grant for the Tanjore Survey will be completed in 1886-87, and although 1,46 will still be due on account of the Water-works outlay, it is obvious that no object will be gained by carrying the transaction into the new Contract

294 The inter-provincial adjustments, amounting to—4 and also shown in Statement A, necessarily drop out of account. They will come in in the accounts of each year, as compensations for differences from the estimates For example, if Madras pays the leave allowance of a Bengal officer, it will recoup the amount by inter-provincial adjustment, but as we have not included any such payments in our estimates, we have not to show separately the corresponding compensating adjustments

THE MADRAS MUNICIPALITY

295 The Municipality of Madras greatly obscure their financial position by mixing up, in their annual accounts, items which Capital and Revenue Accounts not separated belong to their Revenue Account and items of an entirely different kind They show no total of revenue or of expenditure on Revenue Account, but show a total of "Receipts," which includes such items as money raised by loan, and another total of "Disbursements," which shows expenditure upon loan works

The accounts recast 296 These accounts properly made up would stand as follows —

	15 months ending March 1885	12 months ending March 1886		15 months ending March 1885	12 months ending March 1886
<i>Revenue Account</i>					
Taxation	9,04 2	8,33 3	Public Works	2,15 6	2,43 8
Other revenue	1,20 1	94 9	Education	16 0	13 8
Sinking fund interest (a)	17 7	18 7	Medical and Sanitation	67 2	59 5
Contribution from Provincial	31 2	17 7	Conservancy	2,94 3	2,52 7
			Drainage stations (b)	31 3	46 0
			Miscellaneous purposes	74 6	75 1
			Supervision and management	1,36 0	1,24 2
			Pensions	4 4	4 2
			Sinking funds	43 7	42 0
			Interest on loans	99 6	91 3
TOTAL	10,73 2	9,64 6	TOTAL	9,85 7	9,52 6
<i>Capital Account</i>					
Loan		2,72 8	Drainage works	1,93 4	1,53 5
From Provincial for water supply and drainage	75 0	12 4	Water works	59 4	37 1
TOTAL	75 0	2,85 2	TOTAL	2,52 8	1,90 6

(a) The Government of India allowed the Municipality to appropriate the interest on the sinking fund of the Government loan. The amount is practically a reduction of the charge on account of sinking fund

(b) Classed with "Conservancy" in the first period, and with "Public Works" in the second

The Future Provincial Contract with Madras

The Madras Municipality.

297 The above figures are a mere distribution into two accounts, Revenue and Capital, of the major heads of the published accounts

298 Now, the Madras Municipality receive assistance from Government Assistance granted by Government to an extent which is absolutely unheard of elsewhere, and which is contrary to the principles applied by the Government of Madras to all the other Municipalities within the province

299 First, as regards then water-supply Water supply The cost of the source of the supply (the Red Hills Tank), namely, Rs10,75,589, was charged to Provincial, and the Municipality bore no part of it. They now pay for the water one rupee per 1,000 cubic yards, that is, less than one anna per ten thousand gallons, an extremely low rate, which amounted to only Rs3,776 in 1885-86, whereas its cost to Government, in the form of interest on capital outlay only, is, at four per cent, Rs43,020

300 Secondly, the Municipality not only pay absolutely nothing towards Police then Police force, but actually demand from Government Rs667 for rates and taxes upon Police buildings. The Police force costs about Rs2,20,000, and the Municipality are under obligation (Act VII of 1878) to pay 50 per cent of it, but the Government Resolution of 9th June 1882 waived the claim (then stated at Rs1,000). According to the principle regulating the payment both in Bombay and Calcutta, about three-quarters should be paid from rates and taxes and one-quarter by the Government. The Madras Government not only accepts the burden of the payment of the Municipal share, but, as just stated, pays the Municipality Rs667 for having done so.

301 So with hospitals and dispensaries. The Municipality do maintain Hospitals and Dispensaries two small dispensaries at a cost of about Rs18,000 a year, but towards the large Government expenditure upon hospitals and dispensaries in Madras town, amounting to about two lakhs (excluding the salaries of the commissioned medical officers), they contribute in all only about Rs25,000, and they take back about Rs4,000 of this in the form of rates and taxes upon the hospitals.

302 Even the burden of the roads within Municipal limits is not entirely Roads Municipal, for Government gives a contribution of Rs15,000 towards two principal roads, and of Rs3,000 towards bridges.

303 The grounds alleged for this exceptional position of the Municipality The position exceptional and a temptation to extravagance are then general poverty and the great burden of roads within Municipal limits, which amount to 270 miles of metalled roads and 200 miles of unmetalled, but the disadvantage of the arrangement is that the Madras Municipality not only have no motive for economy, but are directly interested in raising their expenditure, so that the Government may not find any surplus to justify any revision of the arrangements. It is the general tax-payer, and not the Municipal tax-payer, who would profit by any economy in the financial management of the Municipality, and the Government, which represents the general tax-payer, has no effective share in the enforcement of economy.

304 There seems fair ground for considering that there is room for reduction of expenditure, and that the Municipality, if they Means of financial improvement were expected to meet their expenditure from their own funds, would be able in several respects to improve their financial position. First of all, without altering the existing legislative limits of taxation, they could increase their income by at least Rs30,000 under the head of Lighting tax. Secondly, the cost of administration seems very large. The salaries are—President, Rs1,800 (may be as high as Rs2,500), two Vice-Presidents, one of whom is Engineer also,

The Future Provincial Contract with Madras

The Madras Municipality

Rs. 1,200, three Assistant Engineers, Rs. 950, Health Officer, Rs. 500, and Sanitary Inspector, Rs. 300. Taking the taxation income at Rs. 50,000, the proportion going to pay these officers is—

President	18 per cent	} or altogether 5 per cent of the taxation
Vice-Presidents	14 „	
Assistant Engineers	10 „	
Health and Sanitary Officers	9 „	

The assessing and collecting establishment comes to a little less than 5 per cent

305 We would suggest one economy here, in the amalgamation of the offices of President of the Municipality and Commissioner of Police on a salary of, say, Rs. 2,000. This might require a modification of the law in respect of the President's tenure of office.

306 Then the question fairly rises whether, seeing that Rs. 1,10,692 was sufficient to maintain and repair the roads in the twelve months of 1883 and Rs. 1,19,279 for the fifteen months of 1884-85, so much as Rs. 1,38,020 was necessary in the twelve months of 1885-86, and even the further question might be asked, whether some of the roads now kept up might not be abandoned.

307 On the whole, therefore, it would seem that an enforcement of economy might easily raise the actual surplus of 1885-86, which was Rs. 12,000, to half-a-lakh. Even then there would be a margin of taxation of Rs. 30,000 more.

308 In this state of things we conceive that the general tax-payer ought to be relieved of at least half-a-lakh of the burden now borne by him on account of the Municipal tax-payer. We do not forget that some further schemes are in view, which will enhance the interest charge against Municipal revenues, but we think that they ought to be re-examined. It is obvious that under existing arrangements the burden of them is not really borne by the Municipality, but by the Government, and it is open to question whether they should be undertaken, unless the existing limits of Municipal taxation are enlarged.

309 The following statement shows the payments which at present pass between the Government and the Municipality, or are incurred by Government on account of the Municipality. We omit consideration of the respective shares borne by Government and by the Municipality in the medical expenditure in Madras. The Municipality, or rather the dwellers within Municipal limits, certainly obtain an ample return for the Rs. 20,300 they contribute to the hospitals and for the Rs. 4,617 they contribute to medical education —

<i>Fixed contributions by Government for Municipal purposes</i>		R
(1) Three-quarters cost of Police, say		1,40,000
(2) Interest on capital outlay on Red Hills Tank	43,020	
<i>Deduct recovery</i>	3,776	
		39,241
(3) Contribution for roads and bridges		18,000
(4) Payment towards People's Park		2,000
(5) Assessment upon Government buildings and hospitals, started by the Accountant-General (see paragraph 232) at		51,435
	TOTAL	2,50,679

Besides the above, there have been occasional gifts, of which one of Rs. 75,000 is shown in the accounts above stated for 1885-86.

310 Our proposal is that the Government should take measures to withdraw half-a-lakh of these payments. No possible reckoning of the Municipal obligations in respect of the payment of the police force would put that item alone at so small a figure as Rs. 50,000, and Government are therefore in a position to

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Conclusion

present to the Municipality the alternative of seeing the necessary measures taken to transfer at least half-a-lakh of the Police expenditure to local rates, or of accepting, as a charge on their own resources, half-a-lakh of expenditure now borne by the Government. But the plan we suggest is that Government and the Municipality should agree that for a fixed term, say ten years, then mutual relations should exist as at present, save that no payment in respect of Municipal taxation on Government buildings and property should be demanded, that is, that the present payment, reckoned at Rs1,435, should cease.

311 By this agreement, the Municipality will come to have a real interest in economy, as they will reap the benefit of economy for their own exchequer, instead of feeling that any savings they can effect may only result in a scantier contribution from the general tax-payer towards Municipal purposes.

CONCLUSION

312 Columns 3 of Statements A and B show that the estimated Provincial revenue of 1886-87 was 2,15,18, the estimated Provincial expenditure 2,43,45. That is to say, the Provincial Budget exhibited a surplus of 1,73. (In the original a deficit of 4,27 is shown. The difference is 6,00 and was due to the special contribution of 6,00 made by Provincial to Imperial in the current year.)

313 Columns 4 and 5 of Statements A and B show our calculations of the probable future revenue and expenditure as under —

	Total R	Provincial share as at present R
Revenue	6,51,20	2,44,32
Expenditure	2,57,94	2,30,25
SURPLUS .	3,93,96	14,07

There is thus a Provincial surplus of 14,07 which may be resumed by the Imperial Government. This is not, however, entirely a reduction of Provincial expenditure. Two-and-a-quarter lakhs are obtained by absorbing the surplus of the year and the excess provision in the Jail and Police estimates, reduced by the decreased estimate of receipts under Land Revenue, and one-and-a-quarter by transfers to Local and Municipal Funds. The real reductions may be set down as only about four lakhs in the Civil Heads, and six-and-a-half lakhs under Public Works.

314 The last columns of the two statements exhibit the Provincial revenue and expenditure calculated on the system which has been prescribed for the future Contract, as under —

	R
Revenue	2,21,32
Expenditure	2,45,59

315 The deficit of 27,27, which will thus exist, will have to be met by a contribution from Imperial to Provincial, to be adjusted either through the Land Revenue head or in some other way. On whatever basis the revenue and expenditure are divided under the new Contract, the result will be the same, viz, that as compared with the present Contract there will be a benefit to Imperial of 14,07, if the finances of the Provincial Government are left in a state of equilibrium, as it is intended they should be.

CALCUTTA,

The 4th October 1886

The Future Provincial Contract with Madras

A — STATEMENT OF REVENUE

	BUDGET ESTIMATE OF 1885-8		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads	R	R	R	R	R
Land Revenue	1 57 00	1,31,65	4 54 55	1,30 91	(a) 1,13,61
Salt (Rents and Miscellaneous)	1 37	1,37	1,37	1,37	1,37
Stamps	58,00	20,00	58,00	20 00	13 50
Excise	81 50	42,10	81 50	42 10	21 20
Customs (Rents and Miscellaneous)	27	27	27	27	27
Assessed Taxes	13 00	2,30	13,00	2 30	6 50
Forests	13 10	13,10	13,00	13 00	13 00
Registration	8,25	4,13	8,75	1,38	4,38
TOTAL REVENUE HEADS	6,35,79	2,21 22	6,33 71	2 23 63	2 07,86
Interest (Provincial)	3	3	3	3	3
Law and Justice, Courts	4 01	4 01	1 01	1 01	1,01
Ditto, Jails	1 93	1,93	1,93	1,43	1,93
Police	3,40	3 30	3,02	3,02	3,02
Marine	6	6	6	6	6
Education	1 83	1,83	1,80	1,80	1,80
Medical	1,20	1,20	1,20	1,20	1,20
Scientific and Minor Departments (except Archaeological)	1,80	1,80	1,80	1,80	1,80
TOTAL CIVIL DEPARTMENTS	11 13	11,13	13,82	13 82	13 82
Superannuations (excluding Lapsed Funds)	21	21	21	21	21
Stationery	78	78	78	78	78
Miscellaneous (Provincial)	75	75	75	75	75
TOTAL MISCELLANEOUS	1 77	1,77	1,77	1,77	1 77
Total Civil Heads	6,51,72	2,40,15	6,40,36	2,39,25	2,19,48
Public Works					
Irrigation, Minor Works (Provincial)	51	51	51	51	51
Ditto ditto (Imperial)			20		20
Civil Works	1,10	1,10	1 10	1,10	1,10
Total Public Works	1,64	1,64	1,84	1,64	1,84
TOTAL REVENUES	6,53,36	2,41,79	6,51,20	2,40,89	2,21,32
Adjustments—					
Grant for Administrative Improvements		5 00		5,00	
Tanjore Survey and Madras Water-works		— 2,42		— 2,42	
Various transfers of expenditure		85		85	
Inter provincial adjustments		— 1			
TOTAL RESOURCES	6,53,36	2,45,18	6,51,20	2,44,32	2,21,32

(a) The Government of India letter No. 2187 dated 26th July 1886 proposes the assignment of a fixed sum plus a quarter of the increase. We adopt in this statement the somewhat more convenient but equivalent, course of assigning one quarter of the whole, plus a fixed sum.

The Future Provincial Contract with Madras

B—STATEMENT OF EXPENDITURE

	BUDGET ESTIMATE OF 1886-87		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads	R	R	R	R	R
Refunds—					
Land Revenue	96	28	1,72	50	43
Divided Heads	83	41	77	39	56
Forests (Provincial)	2	2	2	2	2
Land Revenue—					
Collectors and Establishments	35 12	35,12	34,87	34,87	34,87
Survey and Settlement	10,76	10,76	10,70	10,70	10,70
Inam Commissioner and Fishery Collections	30	30	25	25	25
Stamps	1,60	80	1,46	73	1,09
Excise	(a) 1,68	1,22	2 57	1,29	64
Customs	1,68	1,68	1 58	1,58	
Assessed Taxes	80	4	30	4	15
Forests	12,10	12 10	10 50	10 50	10 50
Registration	6,04	3 02	6,25	3,13	3 13
TOTAL REVENUE HEADS	70,21	65,75	70 99	64,00	62,34
General Administration (except Account Office and Bank charges)	10 53	10 53	10,39	10,39	10 39
Law and Justice, Courts	39 77	39,77	39 42	39,42	39,42
Ditto Jails	9 17	9 17	8,90	8,90	8 90
Police (excluding Salt Police)	38,22	38,22	36,83	36,83	36 83
Marine	39	39	19	19	19
Education	11 46	11 46	10 66	10 66	10,66
Medical	12,27	12,27	11,84	11,84	11,84
Scientific and Minor Departments (except Archaeological)	3,84	3 84	3 80	3 80	3,80
TOTAL CIVIL DEPARTMENTS	1,25 65	1,25 65	1,22,03	1,22 03	1,22,03
Superannuations (excluding Lapsed Funds)	9 76	9 76	9,76	9 76	9,76
Stationery (except purchases for Central Store)	7,72	7 72	7 66	7 66	7,66
Miscellaneous (Provincial items)	2,74	2,74	2,34	2,34	2,34
TOTAL MISCELLANEOUS	20 22	20 22	19 76	19,76	19,76
POST OFFICE	1,07	1,07	1,07	1,07	1,07
FAMINE	10	10			
Total Civil Heads	2,17,25	2,12,79	2,13,85	2,06,86	2,05,20
Public Works					
Railways	85	85			
Irrigation, Minor Works—Provincial—					
Buckingham Canal	3 20	3,20	3,19	3,19	3,19
Other works	1,46	1,46	32	32	32
Irrigation, Minor Works—Imperial			20,00		20,00
Civil works—					
Original works	8,74	8,74	7,77	7 77	7,77
Repairs	2,91	2 91	2 30	2,30	2,30
Establishment	8,24	8,24	6 50	6,50	6,50
Civil Officers	3,55	3 55	2,93	2 93	2 93
Other charges	1,11	1,11	50	50	50
Total Civil Works	24,55	24,55	20,00	20,00	20,00
Total Public Works	30,06	30,06	(b) 43,51	(b) 23,51	(b) 43,51
Total Civil Heads and Public Works	2,47,31	2,42,85	2,57,36	2,30,37	2,48,71
Contributions to Local (net)	60	60	38	38	38
GRAND TOTAL OF EXPENDITURE	2,47,91	2,43,45	2,57,74	2,30,75	2,49,09
Deduct amount to be transferred to the Municipality			50	50	50
GRAND TOTAL (net)			2,57,24	2,30,25	2,48,59

(a) The Excise expenditure was taken under 'Salt Imperial, and the 1-2 here shown was taken as a contribution from Provincial to Imperial.

(b) Exclusive of the special assignment of Rs 500 for three years proposed in paragraph 271

The Future Provincial Contract with Bengal

CHAPTER VIII

THE FUTURE PROVINCIAL CONTRACT WITH BENGAL

[Figures entered thus,—2,08—without designation, mean thousands of rupees]

PRELIMINARY

In Appendix No VI to this Volume will be found a history of the working of the last Provincial Contract with Bengal. It may be briefly summarised as follows

2 The Revenue assigned to the Province, allowing for the subsequent modifications, made during the five years, was 3,57,12, and the expenditure 4,14,25, which worked out to a deficit of 57,13. But the Provincial balance, already large, was raised by a grant of 28,50 to 75,13, and it was assumed that by reducing its expenditure on Public Works, as well as by the natural growth of its revenue, the Province would soon be able to arrive at an equilibrium, and that meanwhile the large balance would cover the deficit of the first year or two. The following table shows the actual figures of the five years, the Railway and Irrigation figures in the Public Works column being taken net —

Statement of Provincial Revenue and Expenditure in Bengal from 1882-83 to 1886-87

	REVENUE					EXPENDITURE				
	CIVIL		PUBLIC WORKS		TOTAL	CIVIL	PUBLIC WORKS			TOTAL
	Principal Revenue Heads	Other Departments	Ordinary	Railways and Irrigation, &c., net			Ordinary	Interest on Railways and Irrigation, &c. Capital	Capital Expenditure	
1	2	3	4	5	6	7	8	9	10	
R	R	R	R	R	R	R	R (a)	R	R (a)	R (a)
Average Assignment	2,86 84	45 59	7,05	17,64	3,57 12	2,72,66	50,75	33,71		3 57 12
1882-83	2,95 25	47,43	7,36	21 66	3 71,75	2,84 46	70 17	35 40	35,63	4 25,71
1883-84	2,98,48	47,26	7,91	20 23	3,73,91	2,86 87	50,42	37,95	13,30	3,88 54
1884-85	2,98,56	48,60	12 61	16,88	3,76 65	2,95 49	32,81	39,86	3 34	3 71 50
1885-86 (Revised)	3,01,26	49,07	7,22	20,92	3 78,47	2 96 12	30,55	41,98	5 08	3,73 73
1886-87 (Budget)	3,01,85	49 10	7 44	24,18	3,52 87	3,00,43	34,75	43,59	4,75	3,83,52
TOTAL OF THE FIVE YEARS	14,95,40	2 41,81	42,54	1,03,93	18,83,63	14 63 37	2,18,70	1 98,78	62,15	19, 13 00
Five times average Assignment	14 31 20	2,27,95	35,25	88 20	17,85 60	13 63 30	2,53,75	1,68 55		17,85,60

N B —For an explanation of the mode in which the figures in the various columns are arrived at see paragraph 10 of Chapter II, page 14

(a) The figures on the expenditure side have been altered so as to stand at equilibrium, the reduction being taken under Public Works Ordinary and Capital Expenditure because it was assumed that the deficit could be checked by a contraction of this class of expenditure

The Future Provincial Contract with Bengal

Preliminary

3 The Revenue from Civil Heads increased by ten lakhs in the first year and by ten more lakhs subsequently that from Public Works fluctuated but rose slightly, and altogether in the five years the Provincial Revenue has exceeded five times the assignment by 98 lakhs. On the other hand, it was not found easy to stop the high rate of expenditure to which the Province had become accustomed in the first year there was even an increase of expenditure, it was largely retrenched in the second year, but only in the third year was equilibrium attained. Since that time the Province has kept within its income, but in the first two years 69 out of the 75 lakhs of balances were spent. The increase in expenditure has been entirely under Civil Heads and has been at the rate of $5\frac{1}{2}$ lakhs a year, or 28 lakhs in the five years,—a more rapid rate than the increase in the Revenue. This increase has been counterbalanced by a great reduction in Public Works. Capital Expenditure on Railways and Canals has almost stopped, and that on Civil Buildings has been brought down to less than half its former amount.

4 Looking a little closer into details, the following are the chief heads of Receipt and Expenditure under which increases took place in the five years of the Contract —

RECEIPTS				EXPENDITURE			
	1881-82	1886-87	Increase		1881-82	1886-87	Increase
	R	R	R		R	R	R
Land Revenue, including 10 per cent on Government Estates	1,23,45	1,27,25	3,80	Land Revenue, including charges on Government Estates	31,68	35,35	3,67
Stamps	59,00	66,28	7,28	Excise	1,33	1,96	63
Provincial Rates	35,40	39,17	3,77	Registration	2,72	3,18	46
Registration	4,51	6,05	1,54	General Administration	14,86	15,59	73
Police	5,26	7,06	1,80	Law and Justice	89,93	96,28	6,35
Miscellaneous	4,00	8,18	4,18	Police	41,52	46,82	5,30
				Education	26,83	33,92	7,09
				Scientific and Minor Depts	2,85	3,52	67
				Superannuation	9,91	13,74	3,83
				Stationery and Printing	10,18	10,98	80
TOTAL			22,37	TOTAL			29,53

5 The principal feature on the receipt side is that of the two heads which had been specially productive in the last Contract, and which were expected to go on improving—Stamps and Excise—the former has continued to expand with the wealth and prosperity of the Province, but the latter has ceased to grow, and at the end of the five-year period stands at the same figure as at the beginning. The increase under Miscellaneous has been mainly due to unclaimed deposits. Further explanations of the causes of increase will be found in Appendix No VI, and are still more fully stated in the following remarks.

6 To sum up,—the condition of the Province is that it has had rapidly to contract an inflated expenditure on Public Works and that it ends the Contract with a revenue better by 20 lakhs than when it commenced, but with an expenditure (for the most part permanent and inevitable) on the Administrative Departments larger by 28 lakhs than in 1881-82.

7 We now go on to show how far we can suggest reduction of that expenditure, and on what terms we propose that the future Contract commencing on 1st April 1887 should be made.

The Future Provincial Contract with Bengal

Land Revenue

LAND REVENUE

8 *Revenue*—The Reports of the Board of Revenue give the following account of the demand and collections on account of Land Revenue —

Statistics of past years

	1883-84	1884-85	1885-86
	R	R	R
Arrear Balances due	20,40	(a) 22,01	(a) 30,14
Current demand	3,79,10	3,79,88	3,80,33
TOTAL FOR COLLECTION	3,99,80	4,01,89	4,10,47
Collected—Land Revenue Proper	3,72,21	3,67,44	3,80,05
10 per cent on Government Estates	3,73	3,91	3,87
TOTAL COLLECTIONS	3,75,94	3,71,38	3,83,92
Remitted	1,04	1,25	2,00
Balances carried forward	22,82	22,26	21,56
TOTAL AS ABOVE	3,99,80	4,01,89	4,10,48
Against the total collections thus shown by the Board at	3,75,94	3,71,38	3,83,92
The accounts show the following —			
Ordinary Revenue	3,74,36	3,69,18	3,81,23
Malikana Receipts	1,20	1,16	1,16
Police Service Lands	74	80	73
TOTAL	3,76,30	3,71,44	3,83,12

(a) The reasons for the differences between these amounts and the balances shown as carried forward from the previous year are explained in the Board's Reports, it is unnecessary to repeat these explanations here.

9 The Land Revenue collections in Bengal are extremely regular owing to the operation of the Sale Law in compelling the Zamindars to clear their accounts of all overdue arrears by fixed days, of which one is March 28th

Collections very regular Except-
tional arrears

But the figures of the above three years were affected by the fact that the amount of arrears carried forward from 1884-85 to 1885-86 was exceptionally raised by about six lakhs, mainly by the death of the Maharaja of Burdwan Carrying this six lakhs back, the figures would have stood thus—

	1883-84	1884-85	1885-86
	R	R	R
Demand, see above	3,79,10	3,79,88	3,80,33
Collection	3,75,94	3,77,38	3,77,92
Arrears carried forward	22,82	23,26	24,56

10 It is evident therefore that the standard of collection may be put down

Standard of collection

at 3,78,00 It was lower than this in 1885-86 only because the remissions and the arrears were each

nearly a lakh in excess of the ordinary amounts

The Future Provincial Contract with Bengal

Land Revenue

Miscellaneous items

11 In addition to the ordinary Land Revenue collections above estimated, there are also the following —

	1883 84	1884 85	1885 86	1886 87, Budget
	R	R	R	R
Sale of Government Estates	14	4	16	10
Waste Lands and Redemption	26	15	13	14
Revenue Record Room Receipts	82	83	50	83
Miscellaneous	1,67	1,74	1,76	1,71
TOTAL	2,89	2,76	2,55	2,78

12 The Budget entry for Revenue Record Room receipts is a mistake, the receipts having, since 1st October 1885, been collected by stamps. The other items come in the four years' figures to 2,07, 1,93, 2,05, 1,95, or, say, two lakhs on the average, so that we may add 2,00 on this account and bring up the total Land Revenue Receipts to 3,80,00. The actuals of the last three years to 1885-86 have been 3,79,19, 3,74,20 and 3,85,68.

13 The separate statement of the ten per cent collections on Government estates is necessitated by an arrangement by which this amount is yearly set aside out of revenue for particular purposes, *viz*, 1½ per cent for roads, 1 per cent for primary education, and 7½ per cent for management generally, the operation being carried on thus—

(a) The amount is separately credited as a Provincial receipt, ninety per cent only of the total being credited as ordinary Land Revenue

(b) Provincial is charged as follows —

	Per cent
(1) Payment made to District Road Fund quarterly, through the head of Contributions	1½
(2) Charges under the head of Education, "Grants-in-aid," being however only part of the general charge	1
(3) Grant under Land Revenue, Management of Estates, administered by the Board of Revenue	7½

14 We presume that this arrangement will continue in the future, and we reckon therefore that out of the total Land Revenue of 3,80,00, 3,76,13 is divisible in the fixed proportions and 3,87 is purely Provincial, being the ten per cent just noticed.

Collectors and Establishments
been as follows —

15 *Expenditure* — The figures of the last three years for Collectors and their Establishments have

	1883 84	1884 85	1885 86	Budget, 1886 87
	R	R	R	R
Salaries	12,96	12,80	13,11	13,24
Establishment, excluding Record Room	8,07	8,37	8,60	8,49
Contingencies, including Record Room establishment	3,63	3,78	3,78	3,65
Process Service	1,71	1,73	1,75	1,70
TOTAL	26,37	26,68	27,24	27,08

The Future Provincial Contract with Bengal

Land Revenue

16 The high figure of 1885-86 was due to the facts that a smaller number than usual of officers were on leave, and that a new third grade Collectorate was created to provide for the appointment of Director of Agriculture. Our remarks on this officer will be found under the head of Settlement (paragraph 24). The establishments also have been increasing, and it seems doubtful if the provision in the Budget is enough. But the whole question of the revenue establishments has recently been the subject of careful enquiry by a special Commission, and we may hope that the amount will be kept within the estimate. Part of the increase is in a class of establishment which is directly paid for by special receipts, and does not therefore, properly speaking, represent expenditure of Government. Under these circumstances we take the Budget Estimate figure under this head.

17 The surveys carried on in Bengal are of two kinds, professional and non-professional. Under the latter Survey, Non professional, head comes some work in Midnapore which has already been closed, the only provision in this year's Budget being 3 for the pay of the Assistant Superintendent and his establishment for three months, and 14 for the survey of Ghatwali lands in Manbhoom and Bancoora. Manbhoom is finished and Bancoora will be completed in another year. The work appears to have been of very doubtful utility, and we understand that the Bengal Government do not desire to continue it on this system, but would prefer to have all surveys of any considerable areas executed by professional officers. We do not think it necessary to make any provision for future expenditure on this class of work.

18 Professional survey has been carried on during the past and current professional—Cadastral Survey of years in Mozufferpore on the Cadastral system. Mozufferpore. There has been a mistake in the Budget, whereby provision has been made twice over for the cadastral Party, which was estimated to cost 1,50 or 1,60, besides 12 for maps, as well as provision for a Settlement Party, costing 87. The actual expenditure for the year ending 30th June 1886 was 1,34 or about 8 annas per acre surveyed. Under the orders of the Secretary of State this survey is to be stopped. If these orders are insisted on, and no similar work undertaken elsewhere, there will be no need for providing any money under the Survey head in the future Contract. The Bengal Government are in correspondence with the Government of India on the subject, and we only remark here that if the outcome of this discussion is that any fresh cadastral survey is sanctioned, it must be provided for by a special grant.

19 There are several large Government estates, of an aggregate area exceeding 5,500 square miles, as shown in the margin, which we understand the Board of Revenue consider should be professionally surveyed within the next five years. They will probably afford occupation to a full Survey Party for that length of time, at a cost of about two lakhs of rupees per annum. We therefore provide 50 as the future Provincial share, on the understanding that the grant will not be given unless it is utilised for this purpose.

Survey of Government estates	Square miles
Angul	900
Banki	120
Jalpaiguri Doorars	1,900
Chittagong	2,567
Pittaspore in Midnapore	75
TOTAL	5,562

20 It has been determined to re-survey the City of Calcutta at an estimated cost of Rs1,10,000, of which the Municipality is to pay Rs58,650 at the rate of Rs10,000 per square mile, the balance being shared between Imperial and Provincial. The

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division of so small a sum seems unnecessary, however, and we therefore provide Rs10,000 as Provincial expenditure for each year of the Contract. As the arrangement has recently been sanctioned by the Government of India, we refrain from commenting on the cost, which seems excessive for the survey of only six square miles.

21 There are in progress Settlements (original or revised) of Government estates scattered all over the Province, most of which are small. The work is generally done by the ordinary district officials (Deputy Collectors and Sub-Deputies) with special establishments of Amins and Mohajirs. The Board's reports furnish the following information —

YEAR	Number of estates settled	Revenue assessed	Increase
		R	R
1882-83	620	1,96,000	60,000
1883-84	796	1,68,000	25,000
1884-85	611	2,43,000	56,000

22 The Board have frequently remarked on the imperfect and unsatisfactory way in which these Settlements are conducted by officers, who have had no special training and who work on no uniform principle. The result has been that the work has been slowly and expensively carried out, and that Government has been involved in much litigation, the circumstances of some of which, such as that respecting the Khuda estate in Orissa and the Majnamuta and Jalamuta estates in Midnapore, have attained considerable notoriety. It is expected that, if the work is placed under the charge of the Director of Agriculture, a considerable improvement in efficiency will be achieved.

23 The increase in the estimate for the current year is due to provision for the re-settlement of the large Banki estate in Cuttack. We understand that this will not be undertaken, but that the Angul estate will be begun and will cost as much. It is difficult to make provision in the Contract for an expenditure which varies so much from year to year. In the report for 1885-86 the Board state that 1,535 estates, with an estimated assessment of Rs5,00,000, remain for settlement. An attempt has been made to supply us with a forecast of the expenditure on settlements which will fall in during the next five years. The information is not complete, but it is anticipated that there will be about 300 large estates to settle, with a revenue of about Rs3,70,000, at a cost of about Rs4,43,000. The principal item in the cost is the settlement of the Banki and Angul estates, which is estimated at Rs3,50,000. The area of these estates is 120 and 900 square miles respectively, and is important enough to justify the employment of a special trained officer for its supervision. In the prospect of this large but remunerative expenditure, we think a sum equal to the figure of the present year (1,20) should be provided.

24 The cost (24) of the Director of Agriculture (whose present pay is Rs1,800 as a Collector of the second grade) and of his two Assistants (who are of the Deputy Collector grade), is entered under the Land Revenue head, his establishment

The Agricultural Department its continued maintenance recommended

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(12) and a grant for agricultural experiments (12) are charged under Scientific and Minor Departments, so the total cost of the Department is 48. We have received a special reference on this subject from the Government of India, and shall submit a separate and detailed reply to it (a), but as particular mention is made in that reference of the Agricultural Department as being less demonstrably useful in Bengal than in other Provinces, we may say here that we do not find ourselves able to advocate the abolition of the Department. If the Cadastral Survey in Mozufferpore is continued, such a step could not be thought of, but even if it is discontinued, we find that there are strong arguments for carrying out a Cadastral Survey and for keeping up an accurate Record of Rights in the extensive Government estates, and also valid arguments, though not perhaps so strong, for similar work in the Wards' estates. Several instances have been adduced illustrating the abuses and the loss of Government Revenue arising from the want of maps and records. Besides the large and numerous Government estates now under settlement, there are two immense tracts in the Jalpaiguri and Chittagong Districts, respectively 1,900 and 2,500 square miles in area, the Settlements of which will shortly expire, and which ought to be surveyed and settled on scientific methods, under an expert, unless Government desires to deal with its Bengal estates in a way which would not be allowed in any other Province. In the year 1896 the Settlement of the Orissa Division will begin to fall in, and a great increase to the Land Revenue is expected from its revision, for which preparation should be made and officers should be trained for some years beforehand, so that the new assessments may take effect without delay. In short, the Government interests involved in this question are so large that we are satisfied that the cost of maintaining the Department will be abundantly recouped by the effect it will have on the increase of the Land Revenue.

Other Charges

25 The Other Charges comprise the following —

	1883-84	1884-85	1885-86	1886-87, Budget
Sub divisional Establishments	1,11	1,12	1,23(b)	1,19
Management of Government Estates	2,88	2,75	2,89	3,57
Mahlanas	88	1,56	1,40	1,68
Rents, Rates, and Petty Construction	2	1	2	1
TOTAL	4,89	5,44	5,54	6,45

26 Under the second head the Budget seems always to be placed very high. As the amount should be only three quarters of the receipts (as explained in paragraph 13 above), it is sufficient to take three quarters of 3,87 or 2,90 only. The Mahlanas is a mere refund of revenue received (part of it being separately credited under the same designation) and should be taken at the actual amount payable,—that is, for the present at 1,68.

27 The other charges therefore come in all to 5,78.

SALT

28 *Revenue*—The Provincial Salt Revenue consists of Rents of Warehouses, Fines and Forfeitures, and Miscellaneous Rents of bonding warehouses. The first head is the most important. It represents the receipts from bonding warehouses. These have decreased since the early

(a) This had not been done when the Committee dissolved.

(b) We understand that in the final accounts a part of this charge will be transferred to Excise, thus bringing the total down to that of 1884-85 or thereabouts.

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part of 1883 in consequence of the general depression of trade, which has led to importers allowing their ships to lie in harbour, for months together, with their salt cargoes on board, rather than bond the salt and so clear the ships for the reception of homeward cargoes at the low rates of freight which have prevailed. A rise in freights, consequent on the revival of trade, would no doubt raise the receipts from this source to their old average. The figures since 1881-82 are—1,65, 1,00, 1,25 and 1,01. The Budget figure is 1,20, which is about the average of the last four years, and has been taken

29 *Expenditure*—This has been as follows 18, 18, 21 and 18. The Budget provision is 19. Considerable modifications will be needed, and have been partially made, in the Provincial Salt establishments in consequence of the transfer of the Orissa Salt administration to the Madras Salt Department. It is, therefore, necessary to examine the details of the Budget provision, which are as follows—

DIVISION OR DISTRICT	ESTABLISHMENTS		Contingencies	TOTAL	Committee's Estimate
	No	Annual Cost			
		R	R	R	R
Orissa	11	5,980(a)	1,545	7,525	
Chittagong	23	3,060(b)	2,500	5,560	5,560
Burdwan	2		500	500	500
Presidency	2	792	750	1,542	750
Calcutta	20	2,530	2,283	4,863	4,863
Dacca			200	200	200
TOTAL				20,190	11,873
DEDUCT—Probable Savings				1,190	873
				19,000	11,000

(a) Including an Inspector on Rs150 per mensem

(b) Including two Intendants costing Rs1,320 per annum

30 The Orissa establishments can be dispensed with in consequence of the transfer of the Salt administration of Orissa to the Madras Salt Department. They have, in fact, already been discharged or transferred to other duties. The Chittagong establishment appertains to the Salt bonding warehouse at that port. Provision is made under Contingencies for the up-keep of the buildings. The Calcutta establishments are separately noticed under the head of Customs (*vide* paragraph 70). Rs1,650 are provided under Contingencies for scales and weights for use in the weighing of salt by the Customs officers.

31 One Salt clerk apiece is allowed in the districts of Khoolna and of the 24-Pergunnahs in the Presidency Division. We have no information as to the duties on which the Khoolna clerk is employed. It is difficult to suppose that he can be needed. The 24-Pergunnahs clerk was formerly required on account of a small local manufacture of salt. This ceased, however, in 1881-82, and the stock on hand has since been disposed of. The abolition of the appointment was the subject of a correspondence between the Board and the Commissioner as far back as May last,—we have not heard with what result. Its retention cannot, we consider, be needed.

32 The remaining expenditure is mostly on rewards to informers and on official postage for the transmission of periodical returns.

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33 The Bengal Civil Estimates contain a provision of R10,000 under Imperial, which appears to be on account of Salt establishments in Orissa. We may note here that, as the Orissa Salt administration has been transferred to Madras, it will not be necessary to repeat any part of this provision. Whatever expenditure may still be required should appear in the Madras Estimates.

STAMPS

34 *Revenue*—The Stamp revenue has steadily increased as shown below —

Items	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87 Budget
General Stamps	32,50	32,65	32,88	33,71	33,75	34,60
Court fee Stamps	85,43	86,03	90,32	93,61	95,00	95,30
Plain paper for use with Court-fee Stamps	1,63	1,61	1,62	1,69	1,73	1,70
Impressing documents	24	48	59	61	1,67	50
Fines and penalties	32	38	31	34	30	33
Miscellaneous	8	8	5	2	4	13
TOTAL	1,20,24	1,22,13	1,25,77	1,29,01	1,32,68	1,32,56

35 The increase in 1885-86 under "Duty on impressing documents" was almost entirely due to a single item of receipt on account of the probate of a will. Even allowing for this, it is clear that the Budget Estimate may safely be taken, pending the receipt of the Revised

Budget Estimate accepted

36 *Expenditure*—The charges under Stamps have been as under —

Items	1882-83	1883-84	1884-85	1885-86	1886-87, Budget	Committee's proposal
Superintendence—						
Salary	19	16	16		18	5
Establishment	41	41	42		41	36
Contingencies	10	13	19		15	15
Total	70	70	77	78	74	56
Sale of General Stamps—						
Establishment	8	4	1		1	1
Discount	71	73	76		78	78
Miscellaneous	8	7	6		4	4
Total	87	84	83	83	83	83
Sale of Court fee Stamps	1,16	1,19	1,21	1,25	1,21	1,21
Discount on plain paper	10	10	11	11	11	11
Stamp paper supplied from Central Stores	1,45	1,58	1,75	1,95	2,11	2,11
GRAND TOTAL	4,28	4,41	4,67	4,92	5,00	4,82

37 The Superintendent of Stamps is also Superintendent of Stationery, but the whole of his salary of R1,500 per mensem is charged to Stamps. He has a Head Assistant on R300 rising to R400 (a) and a Store-keeper on R500 rising to R700. The latter officer gives security amounting to two lakhs of rupees. Both the Head Assistant and the Store-keeper work both in the Stamps and in the Stationery Departments.

(a) Besides allowances of R200 per mensem for supervision of the Form Store Department, and of R50 per mensem as conveyance allowance for visiting the Jail Press.

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38 The subjoined statement compares the monthly expenditure in the cities of Calcutta and Bombay on account of the supervision of Land Revenue, Customs, Stamps, Excise and Assessed Taxes —

Cost of supervision in the Revenue Departments in Calcutta and Bombay, compared

Items	Calcutta	Bombay
Collector of Customs	₹ 2,000	₹ 2,000
Superintendent of Stamps and Stationery	1,500	2,500
Collector	1,000 (a)	} 250 (c)
Additional for Income Tax	500 (b)	
TOTAL	5 000	4,750

39 The Collector of Bombay is already Superintendent of Stamps and Stationery, and in paragraphs 16-18 of Chapter VI of this Volume we have proposed that he should also discharge the duty of Collector of Customs. The case of Calcutta is somewhat different. There is no Commissioner of Customs, as in Bombay, and the Collector discharges duties in respect to the registration of the Trade Returns and to the periodical review of the course of Trade, of which the Bombay Collector is relieved by the Commissioner. The Calcutta Superintendent of Stamps and Stationery is charged with the supply of the whole of India except the Bombay and Madras Presidencies, Berar, and part of the Central Provinces. It appears to us doubtful, therefore, whether in Calcutta one officer could discharge the amalgamated duties which are now discharged by three, and which in Bombay are now performed by two, but which we have proposed should in future there be entrusted to one, but we can see no reason why, if the Collector of Calcutta (Abkaree Superintendent) is maintained for the discharge of his present duties, one officer should not undertake the supervision both of Customs and of Stamps and Stationery.

40 If our proposal is accepted (and we understand that it is approved by the Lieutenant-Governor), the head of the Department will be present in the Stamp Office for an hour or two only every day, instead of continuously during office hours. This will throw greater responsibility on the Head Assistant, but the present officer, who draws a salary of ₹600, ought, we think, to fill the post satisfactorily. The Lieutenant-Governor would, however, prefer to appoint to the post an official of a higher class on ₹1,000.

41 The effect of these proposals will be to reduce the provision under Salaries, to which head the Head Assistant's pay should be transferred, to 5, and that under Establishment to 36 (₹40,668—4,800=35,868).

42 The pay of, and the amount of the security to be given by, the Store-keeper having been settled so recently as 1884, it is perhaps not desirable to re-open these questions at present. The amount of security required necessarily affects the amount of pay which must be given, for the investment of money in Government paper, in order to the furnishing of security to Government, must bring in to the owner a lower rate of interest than his money could earn, if employed in other ways. The security now required of the Store-keeper seems to us larger than is necessary under proper arrangements for the retention

(a) An Uncovenanted Officer shown in the Estimates under Excise as Abkaree Superintendent

(b) To be reduced to ₹300 on the completion of the first assessments, vide paragraph 101

(c) We have assumed in paragraph 49 of chapter VI of this Volume, that this allowance will shortly be withdrawn together with the equal allowance granted to one of the Presidency Magistrates as Joint Commissioner of Income Tax for the City of Bombay

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of the bulk of the stores in the personal custody of the Superintendent or under the joint custody of the Head Assistant. The Bombay Store-keeper, who is classed among the establishment of the Stamp Office, receives Rs300 per mensem only, though salaries in Bombay are on the average on a much higher scale than elsewhere in India. On the occurrence of a vacancy, therefore, in the appointment of Store-keeper in the Calcutta Stamp Office, we recommend the reconsideration of the pay attached to the office and of the security required from its incumbent.

43 The establishment consists, according to the estimates, of 52 clerks, but according to a list, furnished to us in reply to one of our questions, the number is 53. The Head Office establishment rates of pay average Rs40 per mensem, which appears reasonable. In the connected Stationery Office there are 72 clerks on average salaries of Rs43. There are therefore altogether 124 (or 125) clerks. In the Bombay offices the clerks are on the average somewhat better paid, but the total number is 41 only. No doubt the work of the Calcutta offices is much heavier than that of the Bombay offices, but we cannot but think that, with a suitable organisation, there is considerable scope for economy. We think that the subject should be enquired into by some officer of experience in the organisation of office establishments.

44 The rates of discount allowed upon the sale of Court-fee Stamps compare as follows with those of other Provinces —

Discount on Sales,—

Bengal	1 $\frac{2}{3}$ per cent	Madras	1 per cent
North-Western Provinces, none		Bombay	2 "
Punjab	1 $\frac{2}{3}$ per cent		

45 We considered the rates in Bombay very high, and we doubt also whether, in the case of Bengal, so high a rate as 1 $\frac{2}{3}$ per cent is necessary, where the sales are sufficient to give the licensed vendors a fair remuneration. In Bengal discount is given on all values of stamps up to Rs75, whereas in all other Provinces (except Assam, where the rules are modelled upon the Bengal system) the limit is Rs50. We would make for Bengal the same suggestion as we made for Bombay, *viz.*, that the discount, if maintained at the present rate, should be limited to the values of stamps in ordinary use. The consumption of the one-anna, four-anna, and eight-anna values exhausts the greater part of the work that vendors have to do, and if only these, or perhaps a few other values also, were sold through vendors, the sale of the remaining and only-occasionally-used values might be arranged for, without more inconvenience than the public have at present to undergo, by a system which would not involve the loss of 1 $\frac{2}{3}$ per cent of the value.

46 An allowance of Rs150 per mensem, as remuneration for the sale of stamps, is drawn by the Treasurer of the Presidency Small Cause Court, in addition to his pay of Rs200 as Treasurer. We have dealt with this under the head of Law and Justice, to which the charge is debited (*vide* paragraph 165).

47 The establishments employed in the Mofussil for the sale of Stamps are Mofussil establishments,— as follows —

District	Darogahs	Moharrirs
Patna	1 on Rs 20—40	"
Dacca	1 " " 30—50	1 on Rs 15
24-Pergunnahs		1 " " 30
Jessore		1 " " 20—40

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Fixed commission (in two instances at R10 and in two at R2) is also paid to four vendors in different districts, some of whom appear to be the Nazirs of outlying Munsifs' courts

48 Enquiries in the office of the Board of Revenue have failed to elicit the reasons for the employment of the Patna and Dacca establishments. Those in the 24-Pergunnahs

and Jessore were formerly charged under Land Revenue and escaped our notice until quite recently. We think that the necessity for the employment of all these establishments should be re-examined. If no special stamp establishments are required in the other forty districts of the Province, it is difficult to see why they should be needed in these four. As regards the

The principles which should regulate the grant of additional pay to public officers for such additional duties as the sale of stamps

sale of stamps by the Nazirs of Munsifs' courts, we remark that in some Provinces the sale of stamps is a recognised duty of the ministerial establishments of the courts. We understand that this

system was formerly in force in Bengal, and that the court establishments were relieved of the duty, only because it was represented that the work was so heavy as to need separate provision. But where the sale is so small that the ordinary discount does not afford adequate remuneration to a licensed vendor and an officer of the court has, therefore, been required to assume the work, it may fairly be inferred that the work of the court must be so light that the Nazir has ample leisure to attend to the sale of stamps without interference with his other duties. There can, therefore, be no need to grant him additional remuneration. The matter may appear trifling, but we notice it because the practice appears to be gaining ground of allowing officers additional remuneration for every little increase of work, which they are required to undertake. In our opinion, the grant of such additional allowances is altogether opposed to the principles on which the public service should be conducted. Officers are paid by Government for their whole time, and, except under very peculiar circumstances, additional remuneration should not be allowed to them for any functions, cognate to the ordinary duties of their offices, which Government may think fit to impose upon them.

EXCISE

49 The Revenue and Expenditure are as follows —

Revenue

HEADS AND ITEMS	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
	R	R	R	R	R	R
<i>License and distillery fees and duties for the sale of liquors and drugs</i>						
License fees	59 65 338	61,25,564	66,09,857	63,59 436	58 21,080	61,69 000
Distillery fees	18,769	18,267	17,850	17,779	32,062	42 000
Still head duty	9,63,191	10,50,067	10,52,781	9,66,111	10,85 154	9 09 000
Farm of drugs	9,73,550	10,81,962	11,46,601	11,42,101	11,62,551	11 36,000
Rent of toddy trees	868	983	725	973	1,366	1,000
Total	79,22,016	82,76 813	88,27,844	84,86,700	80,43,113	82,57,000
Sale proceeds of excise opium	14 47,166	15,06,551	15,92,417	15,00,270	15,35,114	15,37,000
Fines, confiscations, and miscellaneous	4,743	5,572	5,131	5,251	6,467	6,000
Total	93 73,925	97 58 966	1,04,25,392	1 00,52,221	95,84,694	98,00,000

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where the out-still system was still maintained, the capacities of the stills and fermenting vats should be restricted so as to prevent undue competition with the suddei distilleries, that *minima* prices should be fixed for the sale of country spirits, that the hours of manufacture and vend should be restricted, and that the inspecting and detective staff of the Département should be largely increased

53 Some progress has already been made towards carrying these re-commendations into effect. Progress made in carrying them out
Suddei distilleries have been reopened in all the districts of the Patna and Orissa Divisions, except Mozuffepore, and in the Burdwan, Moorshedabad, Dacca, Monghyr, Bhágalpur, and Hazárbágh districts. A suddei distillery is also to be established next year at Mozuffepore. The proper limit to be fixed in each district for the size of the stills, and the upset prices at which the stills should then be put up to sale, are matters, which can only be determined by detailed local enquiry. Considerable difficulty being anticipated in disposing of them, the system of limiting the size of the stills has for the present been experimentally introduced in the Patna district only. The question of the restriction of the capacity of the fermenting vessels is still under enquiry. The prescription of *minima* prices is a proposal which has met with much criticism. The plan is for the present being tried only in the Patna district

51 The effect of these measures on the revenue of 1885-86 was not great, the arrangements for that year having to a large extent been completed before they took effect. Decrease of revenue in 1884-86
There was a heavy fall of revenue in 1884-85 and again in 1885-86, but it is considered to have been due to unfavourable seasons and to distress arising from floods, especially in Behar and Northern Bengal, and also to the fact that in 1884-85 and 1885-86 there were no auspicious days for Native marriages,—a circumstance which would, however, only affect Behar. The settlement of out-stills for 1886-87 was somewhat more favourable than that for 1885-86, contrary to what might have been anticipated. The estimate under the head of Still-head duty decreased from 10,85 in 1885-86 to 9,09 in the Budget of 1886-87

Exactly the opposite result might have been expected from the re-introduction of suddei distilleries in the place of out-stills in the populous neighbourhoods above mentioned. The grounds on which the estimate was based cannot be ascertained. It would appear to have been a mistake. On the whole, however, so far as can at present be seen, the Budget Estimate for 1886-87 was fairly accurate. The receipts from April to October compare as follows with those of the same period in previous years —

1880-81	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87
50,10	56,00	57,49	62,39	61,46	57,35	59,81

The details up to the end of September are shown in the margin, in comparison with those of the preceding year. The receipts of the last five months of 1885-86 were 38,30. Should the collections improve in the last five months of the current year in the same proportion as they have done in the first seven months, they will amount to 40,34, and the whole Excise revenue of the year will be 1,00,15. It appears safe therefore to take the revenue at 1,00,00 pending the Revised Estimate

	1885-86	1886-87
License fees	31,55	31,72
Distillery "	15	28
Still head duty	5,09	6,10
Farms of drugs	5,53	6,08
Excise opium	7,46	7,94
Fines, &c	3	4
TOTAL	49,81	52,16

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55 *Expenditure* — At the time the Budget was prepared the exact strength of the additional Excise establishments to be entertained had not been determined, and a lump provision was therefore made to admit of their expansion, as above shown (paragraph 49) The following is a brief statement of the additions which have been made to the Excise establishments up to date —

Increase of establishments

- i Nine Special Deputy Collectors were appointed in 1885-86 for exclusive employment on Excise duty in the districts noted in the margin, on the following salaries: one on R400, two on R300, one on R250, and five on R200,—total R2,250 per mensem, or R27,000 per annum.
- | | |
|-------------------|-----------|
| Deputy Collectors | |
| 24 Pergunnahs | Monghyr |
| Dacca | Gya |
| Moorshedabad | Saran |
| Burhwan | Chumparan |
| Bhagalpur | |

- ii Nine Additional Sub-Deputy Collectors were also appointed in the same year, and two more in the current year,—total eleven,—for the special duty of supervising the sudder distilleries in six districts in the Patna Division and in Buidwan, Moorshedabad, Dacca, Monghyr, and Bhagalpur. Three of these officers draw R150, and eight R100, each. The total annual cost of their entertainment is R15,000. They are aided by subordinate clerical and guarding establishments, the total annual mean cost of which is R9,666.

- iii Throughout the Province a distinct inspecting and detective agency has been organised in lieu of the Divisional Inspectors and Sub-Inspectors formerly employed. The strength of these establishments varies according to the locality. They usually consist of an Inspector on R50 to R100, or of a Sub-Inspector on R30 to R50, with, in either case, two or three peons. Their total cost amounts to R4,196 per mensem, not including the special establishment maintained in Rajshahye for the supervision of *ganja* cultivation at a monthly cost of R485, which is classed under Executive establishments. The establishments formerly employed cost R2,054-8 per mensem. There has therefore been an increase of R2,141-8 per mensem, or R25,698 per annum, under this head.

- iv The Executive and Sudder Office establishments have also been revised, and, where necessary, strengthened at an aggregate additional monthly cost of R1,271-8-8. The Executive establishment is that, which is charged with the collections, where the monthly and other payments of licensees cannot be paid direct into a Treasury, which assists in the settlement of the shops, and which is in charge of the *ganja* warehouses and other miscellaneous duties.

- 56 In 1884, before the Excise Commission sat, the establishments cost altogether R17,019 per mensem, or R2,04,228 per annum. Then present total cost is R23,451 per mensem, or (including the R27,000 for Deputy Collectors mentioned above) R3,08,412 per annum. The expenditure under this head has therefore increased by the sum of R1,04,184 per annum. On the other hand, a decrease of about 20, as compared with 1885-86, appears in the Budget under the head of Contingencies, but as 12 of this decrease is due to an accidental omission to provide in the Budget for the contract contingencies of the Calcutta

Net increase of cost

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Collectorate, the actual decrease is only 8 Its effect is to reduce the additional expenditure recently sanctioned to about 96 in excess of the former standard

57 It appears to us that the division of the district establishments into the executive, the office, and the inspecting and detective branches must tend unnecessarily to increase the total cost There is no doubt, however, that judicious expenditure on the administration of the Excise Department is highly remunerative, and we therefore take the Budget provision, *plus* 12 accidentally omitted, as the Contract figure Now that the subject has attracted, and is receiving, the attention which it merits, it is more likely, we think, that the expenditure will increase than that it will diminish In other Provinces it has been found profitable to appoint Commissioners of Excise, whose sole duty it is to control the Excise administration, with the view both of increasing the revenue and of so regulating the consumption of intoxicants that it may be as little as possible injurious to the well-being of the people It appears to us that the creation of such an appointment would be advantageous in Bengal also The Bengal Excise revenue is absolutely large; but, compared with that of Bombay or of Madras, it is relatively small There would appear therefore to be scope for development This is not the place for a detailed examination of the difficult and complicated question of Excise administration We may, however, remark that the Bengal Government has not sought to apply any of those newer methods of Excise administration, which in the Bombay and Madras Presidencies have so greatly improved the revenue, while at the same time they decreased the consumption of intoxicants We propose, (a) if time permits, to return to the subject and to deal with it more fully in a separate Note

PROVINCIAL RATES

58 *Revenue*—The principal receipt under this head is the Public Works Cess, of which the revenue has since 1882-83 been 35,51; 37,56, 36,97, and 38,04 The Budget for 1886-87 gives 37,97 The variations are not great, and we may take the Budget figure The steady increase is due to re-valuations and re-assessments, now nearly complete The charges of collection are paid by way of a contribution to the District Road Fund, which collects both its own and the Provincial cess

59 Besides this cess, the only other item accruing to Provincial under this head is a levy upon estates under the Court of Wards This is in two parts,—first a general rate, intended to pay charges for establishment, which are shown under Administration and are stated in the Estimates of 1886-87 at Rs59,891, the actuals of past years being Rs51,000 or Rs52,000 These charges represent the clerical establishments only, namely, those employed in the offices of the Board of Revenue, of the Commissioners and of the Collectors, and the charges being thus limited, the Government has aimed at limiting the total proceeds of the rate to this figure Accordingly, when recently two or three very large estates came under the Court of Wards, and the percentage rate produced a revenue of Rs6,000 (in the Budget of 1886-87), orders were issued to reduce the rate so as to produce only an income equal to the charge

60 A second rate of four annas per cent is taken as a contribution towards the cost of Treasury establishments, upon which, when an estate comes under the Court of Wards, extra work is necessarily thrown The ordinary income from this rate is Rs13,000, but the causes just referred to have raised it temporarily to Rs24,000

(a) This intention was not carried out before the Committee dissolved

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61 It will be seen from the above that these estates pay nothing whatever towards the cost of the superior officers, Collectors, Commissioners, and Board of Revenue, engaged in their management, though a very considerable portion of the time of these officers is occupied with Wards' work. A recently-published statement (*vide Gazette of India* 16th January 1886) shows that fully one-eighth of the time of these officers (often as much as a fourth, or even more) is given to matters connected with Wards' Estates.

62 Now, it is certain that the land revenue of these estates is perfectly secure without bringing them under the Court of Wards, that is to say, it could at any time be realised by the sale of the estates. It is not therefore for the security of the revenue, but in the interest of the minor (to prevent dissipation of the estate) and in the interest of the good management of the estate itself, that charge of it is taken by the Court. And it is notorious that the result of management by the Court of Wards is in most cases a great, and in some cases an enormous, increase in the personal wealth of the proprietor. It seems to us not only not unfair that the estates should pay their proportion of the cost of the officers thus occupied in their management, but most reasonable that, in the interest of the general tax-payer, they should be called upon to do so. The Secretary of State raised the question in 1879 (*vide* the papers last quoted), and though the proposal was dropped, this seems to have been less by reason of its being unacceptable in itself, than because the discussion of it by the Board of Revenue eventuated in a proposal for a special paid management, outside the ordinary work of the Revenue Officers of Government. We concur in the objections made to this form of the proposal, but we think that the question should again be opened, whether a properly-regulated contribution out of the revenues of the estates should not be paid to Government in respect of the services of the Revenue Officers, and the Government of Bengal is also prepared to re-discuss the question.

Estimate of the amount which should be paid

63 The amount which should be paid by the Wards' Estates may approximately thus be calculated—

	Annual Cost
	Rs
1 Member of the Board of Revenue	48,000
1 Secretary of the Board of Revenue	30,000
9 Commissioners of Divisions	3,10,000
36 Collectors of Districts	8,37,000
8 Deputy Commissioners	1,52,000
TOTAL	13,77,000

64 One-eighth of this is Rs1,72,000, and we suggest that this amount should be levied from the estates, in addition to the existing establishment rates which aggregate about Rs72,000. The whole demand, Rs2,44,000, comes to only 4 per cent on the collections of Wards' Estates, though in actual rating the smaller ones would probably be made to pay more and the larger ones less. The particular charges of establishments employed upon and belonging to individual estates are of course directly charged to the estates themselves, and are outside the question of charge for the employment of the time of the officers above named. We deal separately with the question of the cost of the Legal Remembrancer's services (*vide* paragraph 154).

65 We cannot, pending the settlement of this question, assume in the new Contract any higher rate of levy than Rs72,000, the amount of existing rates.

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Customs

CUSTOMS

66 *Revenue (Provincial)*—The Provincial Customs Revenue consists of warehouse and wharf rents, of fees for the registration of cargo boats and for the attendance of preventive officers on holidays and after the usual hours and for longer periods, and in larger numbers at a time, than those for which, under the Customs Act, then services are granted without charge, and of sale proceeds of undervalued goods. The receipts from fees have decreased from 88 in 1881-82 to 51 in 1885-86. The Budget Estimate of 1886-87 is 57, which is taken

67 A proposal has been made by the Chamber of Commerce to abolish special fees for the attendance of preventive officers on holidays and after hours. If this is accepted, (a) the receipts from this service will be nearly extinguished. Extra work can, however, hardly be required of the Preventive Establishments without extra payment, and we can see no reason whatever why, as the law in fact prescribes, those persons who are inconvenienced by their attendance should not pay for it.

68 *Expenditure*—The subjoined table exhibits the expenditure under Customs since 1881-82 —

	1881 82	1882 83	1883 84	1884 85	1885 86	1886 87, Budget
CALCUTTA—						
Salaries	60	38	31	35	34	33
Establishment	1,72	1,37	1,01	1,03	1,03	1,07(b)
Preventive Establishment	3,51	3,00	2,73	2,70	2,73	2,70(c)
Wharf ditto	45	27	23	27	26	27
Miscellaneous	17	13	16	22	14	20(d)
TOTAL	6,45	5,15	4,44	4,57	4,50	4,57
BALASORE—						
Establishment	27	28	31	20	21	28
Preventive Establishment	51	53	50	59	58	53
Miscellaneous	5	5	17	15	4	7
TOTAL	83	86	98	94	83	88
CHITTAGONG—						
Salaries	71	72	72	72	72	72
Establishment	50	49	47	48	46	48
Preventive Establishment	86	89	88	87	84	83
Wharf Ditto	6	6	6	6	6	6
Miscellaneous	11	20	10	12	12	13
TOTAL	224	236	223	225	220	222
CUTTACK—						
Establishment	58	57	56	58	55	58
Preventive Establishment	12	13	12	12	14	13
Miscellaneous	1	2	2	1	1	3
TOTAL	71	72	70	71	70	74
DACCA (NARAINGUNGE)	10	9	7	7	10	9
POOREE—						
Establishment	14	14	15	14	14	14
Contingencies	2	4	2	3	3	3
TOTAL	16	18	17	17	17	17

(a) Since writing this, we have learned that the Lieutenant Governor has declined to accede to the request of the Chamber of Commerce for reasons similar to those which we have mentioned.

(b) Besides R12,600 under Stationery and Printing.

(c) Besides R2,580 under Salt.

(d) Besides R2,283 under Salt.

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69 After the abolition of the major part of the Customs duties in 1862, the question of reducing the establishments was fully considered, with the result that, as above shown, large reductions were made in the Port of Calcutta, while the establishments maintained at the minor ports were left intact

70 The subjoined table compares the former and present strengths of the Calcutta Customs Establishments —

DESIGNATION	Former Strength			Present Strength		
	No	Rs	Rs	No	Rs	Rs
<i>Salaries</i>						
Collector	1	3,000		1	2,000	
Deputy Collector	1	1,600				
Assistant Collector, at Rs600—1 000	1	1,000	5,600	1	680	2,680
<i>Establishment</i>						
Appraising establishment—		Mean pay			Mean pay	
Appraisers and examining officers	22	6 210		9	2,077	
Clerk	1	62				
Servants	11	66		6	36	
Import Department—						
Superintendent and Deputy Superintendent	2	710		2	637	
Assistants	23	1,265		11	707	
Servants	2	12		2	12	
Bonding Department—						
Supervisor and Assistants	5	715				
Servants	3	18				
Accounts Department—						
Superintendent and Deputy Superintendent	2	700		2	725	
Assistants	19	500		12	625	
Servants	6	38		8	50	
Cash Department—						
Cashier and Deputy Cashier	2	387		2	312	
Assistants	16	515		12	381	
Servants	9	53		9	53	
Export Department—						
Superintendent and Deputy Superintendent	2	700		2	687	
Assistants	12	627		12	614	
Servants	2	13		1	25	
Miscellaneous Department—						
Superintendent and Assistants	7	632		9	616	
Servants	26	180		26	180	
Statistical and Publication Department—(a)						
Superintendent and clerks, &c	46	2,085		46	2 085	
Servants	3	23	15,566	3	23	9,883
<i>Preventive Establishment</i>						
Superintendent	1	933		1	933	
Inspectors	6	2 525		8	3 075	
Preventive officers	137	22,700		100	16 050	
Servants	37	220		35	220	
Boat establishment	15(b)	833		150	1 027	
Steam launch establishment	11	230		11	230	
Steam launch coal, sundries, &c		516			516	
Whoonoy office establishment	4	51		3	27	
Temporary establishment		3,192			876	
Sulkea Salt Golabs establishment—(c)						
Clerks	2	65		3	89	
Servants	18	122		17	126	
Temporary establishment	6	36	31,406	6	36	23,235
<i>Wharf Establishment</i>						
Supervisor and Assistant Supervisors	3	625		1	225	
Officers and weighmen	39	2,785		20	1,552	
Servants, &c	41	255	3,665	18	116	1,893

(a) Half the cost of this Department is now charged under Stationery and Printing

(b) This is the number of Boats crews, not of hands

(c) This establishment is charged to Salt

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71 The reductions under the head of Salaries need no comment. Those under Establishment were under the Sub-heads of Appraising Establishment, Import Department, and Bonding Department. The Bonding Department appears from the above statement to have been abolished. It is still maintained, however, but has been amalgamated with the Account Department, which will be seen to have been slightly strengthened. Some decrease was effected in the Cash Department. The Export Department remained unaffected, save by some slight changes in the rates of pay, made in pursuance of the general re-grading of the establishments which was effected in connection with the reductions. The Miscellaneous (that is, the Correspondence) Department was apparently somewhat strengthened, but in fact was merely re-arranged to correspond with the number of hands actually employed in it, some of whom had been drawn from other branches. The duties of the Statistical and Publication Department being unaffected by the abolition of the Customs duties, no reduction of its strength was found possible.

72 The expenditure in Calcutta on Customs Salaries and Establishments is much higher than the similar expenditure in Bombay, the trade of which port may be taken as being equal to that of Calcutta. The subjoined statement compares the two ports in these respects —

ITEMS	CALCUTTA		BOMBAY	
	No	Cost.	No	Cost
Salaries	2	R 32,690	4	R 40,900
Appraising establishment	9	22,212	11	19,000
Clerks and servants	169	97,200 (a)	77	27,500
TOTAL	180	1,52,102	92	87,400

(a) Including R12 600, being the share of the cost of the Statistical and Publication Department, which is debited in the Accounts under 30, Stationery and Printing.

73 The difference in favour of Calcutta, as regards the numbers shown under the head of Salaries, is partly explained by the fact that one officer (the Import Supervisor, on R350 to 550) who exercises the powers of an Assistant Collector, is provided for under Establishment. The Export Supervisor also, on R350 rising to R450, may be fairly classed with the Bombay Assistant Collectors on R350, 450, and 550.

74 On the other hand, in order to make the comparison fair, the following additions should be made to the cost of the Customs Establishments of the port of Bombay —

	Per annum R
Office of the Reporter General of External Commerce, charged with the preparation of the Trade Returns of the Province, a duty which is discharged by the Calcutta Customs Collector for all the Bengal ports, thirty-four clerks and four servants, costing	18,900
Share of the Central Account Office of thirty clerks and fourteen servants maintained in Bombay, at an annual cost of R20,500, for the compilation of the accounts of the Customs, Salt and Opium Departments, say	5,000
	<u>23,900</u>

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75 Making the adjustments indicated above, the comparison between the two ports will stand as under —

ITEMS	CALCUTTA		BOMBAY	
	No	Cost	No	Cost
Salaries	4	R 41,690	4	R 40,900
Appraising establishment	9	22,212	11	19,000
Clerks and servants	167	85,200	126	51,100
Total	180	1,52,102	141	1,11,300

76 The excess in Calcutta under the head of Salaries is due to the fact that the Assistant Collector draws a salary of R600 rising to R1,000, while the Senior Assistant Collector in Bombay receives only R550 per mensem. The strength and rates of pay of the Calcutta appraising staff are shown in the margin. The Bombay establishment consists of eleven hands on salaries varying from R250 to R80 per mensem. We are not prepared to say that in either case these establishments are unnecessarily strong, but considering that Bombay is a much dearer place in which to live than

Calcutta, we are decidedly of opinion that the scale of the salaries of the Assistant Collector and of the appraising establishment at the latter port should be reconsidered in view to early and considerable reductions.

77 Both in respect to numbers and to rates of pay, the Calcutta establishments of clerks and servants are greatly in excess of those maintained in the port of Bombay. The trade of the two ports being approximately equal in volume, we are unable to see any reason for this disparity. On the contrary, bearing in mind the very large numbers in Bombay of entries and clearances of small native craft, to which there is no parallel in Calcutta, we should have thought that smaller establishments would have sufficed for the record of transactions in the latter than in the former port. Without an accurate knowledge of the systems under which the Customs Departments of the two ports are worked, we are not in a position to say that the Calcutta expenditure should be reduced by a given amount, or at all. The additional expenditure in Calcutta certainly demands enquiry, however, and as the matter can only be effectively dealt with by an expert, we suggest the deputation to Bombay of a Bengal officer thoroughly familiar with the Calcutta Customs Department to study the Bombay Customs system, and his subsequent employment on the revision of the Calcutta establishments by the light of the information he would thus have obtained. The cost of the deputation, of such an officer would not be great, and it seems to us more than probable that the economies, which he would be able to suggest, would be considerable.

78 The Preventive Establishment of the port of Calcutta is entered in the Budget of 1886-87 as costing 2,70, besides a separate provision of R2,580 under Salt. Its strength and

The Preventive Establishment —

2 Appraisers at	R 350—20—450
2 " "	" 250—20—300
(Horse allowance (a)	, 50
1 Appraiser at	, 100—20—200
2 Examiners,	, 70 rising to 125
2 " "	, 60 " 70
(a)	in the
Civil	equally
betw	of the
Bond	jointly
charged with the supervision of the private bonding	
warehouses in the town	

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cost are shown in detail in the margin (a) The temporary establishment consists

(a) 1 Superintendent on R 800 to 1,000	
1 Inspector " " 450	
7 Inspectors " " 300 to 400	
2 Officers " " 800	
4 " " 275	
6 " " 250	
6 " " 225	
10 " " 200	
12 " " 175	
16 " " 150	
24 " " 125	
20 " " 100	

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53 Clerks and servants per annum	R 4,122
150 Boat Establishment per annum	16,281
Temporary Establishment per annum	10,000
26 Bulkea Golabs (Salt) Fstabl per annum	2,580
1 Surgeon per annum	600

	R
(b) 1884 85	39,963
1885 86	31,532

of Preventive officers from time to time employed, at the discretion of the Superintendent, when the number of ships in port with dutiable goods on board is too great to admit of their all being served by Preventive officers of the permanent establishment. The temporary officers are borne on a regular roster and are socially men of the same class as the permanent officers. They now number 48. They are paid at the rate of R100 a month during the time of their actual employment only. The cost of their employment was 17 in 1884-85, and 19½ in 1885-86. On the other hand, the sums noted in the margin (b) were credited to Government in those years as fees for the attendance of extra officers and as "demurrage fees,"—that is, as payment under Section 71 of the Sea Customs Act (VIII of 1878) for the services of officers detained on

board ships for longer periods than the law requires the free grant of their services

79 The whole question of the duties and necessary strength and rates of pay of the Preventive Establishments of the port of Calcutta was very carefully considered in 1882

No reduction feasible in

Their most important duty is the supervision of the discharge of salt cargoes, the great number and dutiable value of which necessitates the maintenance both of a stronger and of a more costly force than at Bombay. The local officers are of opinion that no reduction is possible in the strength of this establishment, and we are not prepared to disagree with them.

80 The Calcutta Wharf Establishment consists of twenty-one wharf officers and eighteen servants. The Superintendent draws R225 per mensem, and his Assistants from R20

Wharf Establishment

to R125. The establishment is charged with the duty of watching the egress of goods from the Custom House gates and jetties, and with the custody of goods deposited in the Custom House sheds. Its total cost varies from 22 to 27 per annum, according to the state of the trade of the port, which sometimes necessitates the entertainment of temporary additional hands.

81 It appears to us that this is a larger expenditure than is justified by the facts of the case. The establishment is mainly employed at the jetty gates. Goods landed on the jetties are in the first instance subject to some scrutiny by the preventive patrol. They are then taken into the Port Commissioners' sheds, where a record is taken of them for the purpose of the levy of the Port dues, and where they are examined by the Appraising Establishment. On removal under pass, they are subject to scrutiny at the gates, both by the Customs Wharf Establishment and by the gatemen maintained by the Port Commissioners. Some examination at the gates is certainly necessary, and as the only detailed check applied up to that point has been that of the Port Commissioners' Officers in the sheds, the scrutiny at the gates should be conducted by the Customs Department. But we do not see the need of a double examination at the gates. We would suggest that arrangements might be made

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with the Port Commissioners for the withdrawal of the establishments, which they maintain to guard the jetty gates, and for the performance by the Customs Wharf Establishment, on the payment by the Commissioners to Government of such a reasonable contribution as may be agreed upon, of the duty of making the examinations and of keeping the registers, if any, required for the purposes of the Port authority. We find that the Port Commissioners spend about Rs10,000 a year on the Jetty Gate Establishment. If, therefore, the arrangement we suggest could be carried out, a saving of the whole, or of the greater part of that sum, might be effected.

The Port of Chittagong

82 The Customs establishment of the Port of Chittagong is constituted as follows —

	Per annum Rs
<i>Establishment</i>	
1 Collector	7,200
21 Clerks and servants	3,732
9 Boat establishment	780
Temporary establishment	270
<i>Preventive Establishment</i>	
3 Inspectors	2,850
10 Preventive officers	4,080
14 Boat establishment	1,152
Temporary establishment	200
<i>Wharf Establishment</i>	600

83 Including contingencies, the Budget Estimate of the current year amounts to Rs22,150

Trade of the port

84 The trade of the port is considerable. The following statement exhibits its details and total amount in 1885-86 —

Trade of the Port of Chittagong in 1885-86

		Quantity	Value	Duty collected
			R	R
<i>Foreign Import Trade—</i>				
Arms and ammunition			121	} 1,595
Liquors	Gals	705	3,077	
Salt	Ind Mds	2,68,901	1,57,341	
Other articles			66,735	
<i>Foreign Export Trade—</i>				
Rice	Cwt	629 869	25,87,450	1,60,749
Other articles			54,79 965	
<i>Coasting Trade, Import and Export—</i>			1,20 93,139	
TOTAL			2,03,87,811	7,18,350

85 In addition to the Customs establishment there is a Port Officer and

Port Establishments

Conservator at Chittagong on a salary of Rs170 including house-rent, with an establishment of 47

hands costing Rs690 to 695 per mensem, exclusive of Pilotage and Light house establishments and of the Health Officer of the port. The total cost of the Port establishment is therefore nearly Rs14,000 per annum. There is also a Salt establishment (under the Customs Collector) consisting of two Intendants costing Rs1,320, and of twenty-one servants costing Rs1,740 per annum. The annual cost of the Port, Customs and Salt establishments, taken together, is about Rs37,900 or Rs179 per lakh of Trade.

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86 The number of vessels which entered at and cleared from the port was as follows in 1885-86 Steam 249, Sailing 1,156, Shipping total 1,405 We have not at hand the means of comparing the navigation statistics of other ports of similar importance with those of Chittagong The port expenditure of Chittagong appears very high, however, and we cannot but think that it might be reduced It may be argued that it falls on the Port Fund and therefore does not affect the Government But this is not so About ₹1,860 per annum out of the total expenditure of the port is charged to Marine We can see no reason for this and think that the whole charge should fall on the Port Fund We have therefore made a reduction of 2 under Marine on this account (*vide* paragraph 224)

87 The extent of the dutiable, chiefly salt and rice, trade of Chittagong necessitates the employment of a strong Preventive force, especially as the transactions are much heavier at some times of the year than at others We are not prepared to say that the Preventive establishment is too large or needlessly costly, though we think the question should be re-considered in the light of the experience gained since the abolition, in 1882, of the major part of the Customs duties But it seems to us that the Customs Office establishment, including the Collector, is unnecessarily large and expensive, considering the amount of work to be done, which depends more on the volume of the trade than on the quantities of dutiable goods to be passed The trade of the port of Coconada may not unfairly be compared with that of Chittagong Including the articles marginally noted, it amounted in 1884-85 to 174 lakhs The strength and pay of the Customs establishments of the two ports compare as under —

	CHITTAGONG		COCONADA	
		Cost		Cost
	No	₹	No	₹
Collector	1	600		
Superintendent			1	100
Head Clerk	1	50 to 80	1	25
Second "	1	25 " 30	1	20
Third "	1	20 " 25	2	30
Import "	1	25 " 10		
Assistant "	1	15 " 20		
Export "	1	20 " 30		
Cashier	1	15 " 20	1	10
Duttry	1	7		
Peons, at ₹6	12	72	10	60
Sweeper	1	3	1	5
Weigher			1	7
TOTAL		852 to 927		257

88 At Coconada also there is a Port Office (on ₹350), but no Salt Establishment At Coconada the shipping (except native craft) lie about $4\frac{1}{2}$ miles from the Custom House at Chittagong, we believe, the Custom House is only about a mile and a half from the anchorage We have no information as to the details of the Coconada Port Office's Establishment, but believe it to be far smaller than that of Chittagong Whatever its size and cost, the Port Fund pays for the whole of it

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89 Both Coconada and Chittagong are the head-quarters of the Collectors of the respective Districts. Chittagong is stated to be a very heavy District, but the Godavari District is far heavier. The population, &c., of the two Districts are compared in the margin. The land tenures and the land revenue duties of the Collectors are not dissimilar. As the Collector of the Godavari District can find time to supervise the Customs of his District, so that it suffices to place an officer on Rs100 per mensem in immediate charge, it is not clear why the Chittagong Collector cannot do the same. If it is found that the Collector of Chittagong cannot find time for the supervision of the direct management of the Customs of his District by an officer of the standing, say, of a Sub-Deputy Collector, we would suggest that a saving might at least be effected by a plan which has already been adopted with success in several of the subordinate ports of Burma and of the Madras Presidency, namely, by the amalgamation of the offices of Customs Superintendent and Port Officer. An arrangement of this kind appears to have been in force in Chittagong from 1860 to 1879. We have not been informed of the reasons for its discontinuance.

90 The subjoined statement shows the Customs establishments maintained at the Orissa ports and at Narasingpur in Dacca —

	BALASORE		CUTTACK (FALSE POINT)		NARASINGPUR		POOREE	
	No	Annual Cost	No	Annual Cost	No	Annual Cost	No	Annual Cost
<i>Establishments</i>		R		R		R		R
Superintendent			1	1,800				
Assistant Superintendent			1	1,200				
Clerks and servants	6	2,040	5	1,668	2	432	1	720
Boat establishment	7	768	10	1,176	2	156		
<i>Preventive Establishments</i>								
Preventive officers	6	3,840	3	1,260			1	600
Servants	8	480					2	120
Boat establishment	5	624						
Temporary establishment		380						
<i>Miscellaneous</i>		678		344		312		300
TOTAL	32	8,810	20	7,418	4	900	4	1,740

91 Under the head of Balasore are included the establishments both of that port and of the Dhamra river (Chandbally), the latter being supervised by a Sub-Deputy Collector, who receives an additional allowance of Rs50 per mensem for this duty, which appears not to be debited under the head of Customs. There is a Port Officer on Rs300, with an establishment costing Rs49 per mensem, in charge of Balasore and Chandbally, and the False Point Superintendent of Customs draws Rs250 per mensem from Port Funds, and has establishments costing Rs289 and 50 per mensem respectively, as Port Officer of False Point (Cuttack) and Pooree. Assuming the cost of the latter in his capacity of Port Officer to be divided between the ports supervised by him in the proportion of three quarters to False Point and of one quarter to Pooree, the annual cost of the establishments of the Orissa ports is as follows —

	Customs Rs	Port Funds Rs	Total Rs
Balasore and Chandbally	8,782 (a)	4,188	12,920
Cuttack	7,104	5,718	12,822
Pooree	1,440	1,350	2,790

(a) Including the Sub Deputy Collector

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trade, in 1885-86 is shown below —		Customs		
		92 The value of the trade of the Orissa ports		
		Balasore ₹	Cuttack ₹	Pooree ₹
Foreign	{ Imports		55,804	
	{ Exports	3,26,147	21,02,481	1,56,485
Coasting	{ Imports	76,77,123	1,19,432	8,609
	{ Exports	38,73,939	8,35,433	1,96,570
TOTAL		1,18,77,209	31,13,150	3,61,664

and collection of duty

93 The duty levied was—

	Balasore ₹	Cuttack ₹	Pooree ₹
On Imports (Liquors and Salt)		13,620	
„ Exports (Rice)	29,448	14,425	11,831
TOTAL	29,488	28,045	11,831

94 The cost of working these ports amounts, therefore, to ₹109, ₹414, and ₹775, respectively, per lakh of trade, and absorbs 41 per cent of the Customs duties collected

Cost of working the ports

Similar small ports on the Madras Coast are worked at far lower cost. In addition to this, it may be noted that the port dues levied at Balasore have in past years been so inadequate to cover the expenses of the port that it has been necessary for Government to aid the Port Fund by a recurring special contribution as shown in the margin. Endeavours are now being made to create an equilibrium between income and expenditure by increasing the port dues from 6 annas per hundred maunds to $2\frac{1}{2}$ annas per ton in the larger, and 2 annas per ton in the smaller, ports of the Balasore district. The effect on trade of this increase remains to be seen. It appears that the Chamber of Commerce have objected to it, and have suggested, as an alternative, a reduction of expenditure.

95 There can be no doubt, we think, that the Chamber of Commerce are right in holding that expenditure should be reduced. Its present scale appears to us too high. From all three districts there is a considerable export of rice, which must be watched. Some sort of a preventive establishment is therefore a necessity, especially at Balasore, whence the export is largest and where ships engaged in the Foreign trade do not enter the river, but remain outside at a distance of fourteen or fifteen miles from the Custom House. Where, however, there is but little work, as at Pooree, it appears to us that the duties of Superintendent or Head Customs Clerk and of Preventive Officer might well be amalgamated. At Pooree, which is a mere open roadstead, we cannot see that there can be any need of the services of a Port Officer. The duties of the Cuttack Port Officer might therefore be confined to False Point. The trade of False Point appears to be declining, or rather to be in course of diversion to Chandbally. Considering the inhospitable nature of the locality, we would not reduce the pay of the combined office of Port Officer and Customs Superintendent below that now drawn, but we would dispense with the Assistant Superintendent, for whom there would be no need if the Superintendent had no duties elsewhere in his

Reduction of expenditure recommended

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Assessed Taxes

capacity of Port Officer of Pooree The Balasore Customs Clerks draw what seems to us to be the high average of R40 per mensem The allowance of R50 per mensem now drawn by the Chandbally Sub-Deputy Collector for the supervision of Customs should certainly be withdrawn We do not understand why it was granted It is hardly possible to conceive a charge more exactly belonging than that of Customs to the class of duties for which Collectors and their Subordinates draw their salaries It should certainly, therefore, not carry with it an additional allowance The Balasore Port Officer being in charge of several ports could not undertake the supervision of the Customs at any of them

96. The reductions we recommend would cause a saving of R3,060 per annum, as shown in the margin There should also be some saving by the reduction of the pay of the clerks in Balasore, but we are unable to estimate it and have not taken it into account in framing the Contract	
Resultant saving	
<i>False Point</i>	R
Assistant Superintendent	1 200
Preventive officers	1,260
<i>Pooree</i>	
Preventive officer	600
	<u>3,060</u>

97 No reductions suggest themselves to us as feasible in the Port of Naraingunge

98 Pending the result of the enquiries and revisions which we have recommended, the only savings for which we can take credit are those shown in paragraph 96 Their deduction from the Budget provision leaves the future requirement under Customs expenditure at 4,95

Future estimate

ASSESSED TAXES.

99 *Revenue*—The original estimate of the Income Tax was 36 lakhs, but it is now believed that the collections will amount to 38 lakhs We take the latter figure, pending the Revised Estimate

100 *Expenditure*—The cost of collecting the License Tax fell gradually from 96 to 90 the original estimate of the expenditure for the current year was 3,65, but the cost of the establishments actually sanctioned by the Government of Bengal was only 2,80 The Board divided the districts thus 7 first class, 18 second class, and 19 third class Every district had a special Assessor appointed to it, while the first class districts had in addition two Assessors, and second class districts had one, for six months Each Assessor and each Collector of a district had a clerk and one or two peons For next year it is proposed to allow one Assessor for each district with a clerk and two peons, and a clerk to each Collector's office and the cost of the forty-four districts is estimated at 1,60

101 For Calcutta a special establishment was sanctioned The Collector of Calcutta, who used to receive an allowance of R250 for License Tax work, had his allowance raised to R500 and six Assessors were appointed, with a large establishment of clerks In future it is proposed to reduce the Collector's allowance to R300, with three Assessors and a smaller establishment, costing altogether about 35

102 The establishment in the Board's Office costs R6,000 for collecting and tabulating the figures and preparing the Annual Report An officer of the grade of Collector was

The Commissioner of Income Tax

The Future Provincial Contract with Bengal

Forests

appointed Commissioner of Income Tax for one year with an extra allowance of Rs300 but we understand that the Lieutenant Governor does not propose the continuance of this appointment

103 Altogether the estimated future expenditure may be taken at 2,000. We are inclined to think this rather high and to doubt if in the smaller districts there will be work for even one Assessor for the whole year, but we believe that if the establishment is reduced too low, the collections will fall off in a still greater degree, and we think it safer to accept the forecast of the Local Government. We propose, however, that the work now done by the Excise Inspectors (or Sub-Inspectors) of whom there is one in each district, on salaries ranging generally from Rs50 to Rs100, shall be thrown on the Assessors. This suggestion is accepted by the Local Government, and will effect a saving of about 30. We therefore place the Contract figure under the head of Income Tax at 1,70.

FORESTS

104 The Forest Revenue and Expenditure for past years has been as follows —

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87 Latest Estimate
Revenue	6,34	6,94	6,91	5,71	5,97	6,80
Expenditure	3,95	3,82	3,88	4,11	3,70	4,60
Net	2,39	3,12	3,06	1,60	2,27	2,20

105 *Revenue* — The high Revenue figures of 1882-83 and 1883-84 arose from the supply of sleepers for Railways made in those years—a business which has since been falling off

106 More than half of the revenue comes in from the Sunderban forests (firewood and timber supplied to Calcutta and surrounding regions). They account for 3,86 out of the 6,80 shown in 1886-87, and a considerable improvement is expected shortly in consequence of measures being taken to improve the inspection. The Chittagong forests are also productive, giving 1,04 out of the 6,80. In both of these cases there is a comparatively small expenditure. The Darjeeling Sub-division produces a revenue of Rs49,500, which is gained almost exclusively by the supply of firewood to Darjeeling and its neighbourhood.

107 The only dealings in timber in the Sub-Himalayan ranges are the export of timber from Buxa to Dacca. After the trees have been logged and the logs exported by water, the only use that remains for the short ends is for the small-sized sleepers used in State Railways. But though the Northern Bengal Railway has an almost unlimited use for such sleepers, we are informed that the Railway and the Forest authorities have not always been able to come to an understanding for their delivery and purchase, although it is obviously to the advantage of the Provincial finances that the two Departments should co-operate in the matter of supply and demand. If the Railway can buy sleepers, say at Rs1-12, and the Forest Department can sell its sleepers elsewhere for Rs2, they would each gain by acting independently. But there is obviously no economy in saving four annas per sleeper in the Railway Department, if the result is that the Forest Department logs have to not unsold.

The Future Provincial Contract with Bengal.

Registration

culated on, and take the figures of the new Contract at 7,00 for revenue and 4,50 for expenditure

REGISTRATION

113 *Revenue* —The Registration revenue has steadily increased during the period of the current Contract, as shown below —

	1881 82	1882 83	1883 84	1884 85	1885 86	1886 87, Budget
Registration proper	9,10	9,35	9,64	10,68	10,81	11,98
Registration of Joint Stock Companies	4	11	9	7	7	7
Land Registration	15	9	10	7	6	5
TOTAL	9,29 (a)	9,55 (a)	9,83	10,82	10,94	12,10

(a) Exclusive of Revenue record room receipts transferred to Land Revenue from 1883 84

114 The Revised Estimate of 1885-86 (11,11) was not reached, and the Budget Estimate of 1886-87 appears high. The revenue has increased, however, at the rate of about 41 per annum, and a considerable expansion of the operations of the Department is expected shortly to result under the Bengal Tenancy Act. The Budget figures have therefore been taken pending the receipt of the Revised Estimate.

115 *Expenditure* —The expenditure, exclusive of Stationery and Public Works charges, is as follows —

	1881 82	1882 83	1883 84	1884 85	1885 86	1886 87, Budget
Registration proper —						
Superintendence	75	74	63	61	67	67
District charges	4,41	4,37	4,19	4,96	4,99	5,38
TOTAL	5,16	5,11	5,12	5,57	5,66	6,05
Registration of Joint Stock Companies			1	1	1	1
Land Registration	44	45	45	35	28	31
TOTAL	5,60 (a)	5,56 (a)	5,58	5,93	5,95	6,37

(a) Exclusive of Revenue record room charges transferred to Land Revenue from 1883 84

116 The expenditure on the Registration of Joint Stock Companies is trifling and calls for no remarks.

117 The expenditure entered under Land Registration is in connection with the maintenance of the Record of Rights and more properly belongs to Land Revenue. It has decreased of late years, as above shown. The initial registration is nearly complete, except in Calcutta, Cuttack and Chittagong, where two Deputy Collectors on Rs300 and a Sub Deputy Collector on Rs100, with establishments, are still employed. The remainder of the expenditure is upon establishments in other Collectorates, either employed on current work or upon revision of the initial work. The work is practically paid for, either by the fees levied, or by the stamp duty on applications and mukhtarnamas filed in the cases.

118 Under Registration proper, the charge for Superintendence was unduly swollen in 1881-82 and 1882-83, by the fact that, although the permanent incumbent of the

The Future Provincial Contract with Bengal

Registration

office of Inspector General had been deputed to conduct the census of Bengal, his salary continued to be debited to Registration, as well as the acting allowance of his *locum tenens*. Otherwise the expenditure under this head has been fairly uniform.

119 The Supervising Establishment of the Department consists of the Inspector General on Rs1,500 rising to Rs1,800, and of two Inspectors on Rs1,000 and Rs700 respectively, though on account of an expected saving by vacancies only Rs18,080 are provided in the Budget for the two latter officers, instead of Rs20,400.

120 As regards the Inspector General, we find that His Honour the Lieutenant Governor is not prepared to abolish the post, though he is willing to reduce the pay to Rs1,500, the pay of a third grade Collector. We have held, in regard to other Provinces, either that the appointment of an Inspector General is not needed at all, inspection being effectively carried out by District Officers, or else that the work is not sufficient for a whole-time officer and should be combined with some other duty, such as the charge of Excise or Jails. In Bengal, however, the Department has reached a magnitude, which is not approached in any other Province, and in the face of the objections of the Lieutenant-Governor we do not urge our proposal for the abolition of the post, but recommend the acceptance of the reduction offered. At the same time, if it is found possible to amalgamate the Registration duties with those of any other Department, we think it should be done. For instance, if it is decided to retain a Commissioner of Income Tax, we think one officer could carry on both these branches of work. But the Lieutenant-Governor does not at present propose to retain the Income Tax appointment, and thinks the work can be effectively carried out under the supervision of the Revenue Board.

121 As regards the Inspectors of Registration Offices, we find that in most other Provinces no such officers are employed in addition to the Inspector General, and that, where they are employed, in Bombay for instance, their salaries run from Rs150 to Rs250 per mensem. Considering the area of the Lower Provinces and the extent of the operations of the Department (about 725,000 documents were registered in 1885-86), we admit that it is necessary to maintain a strong Inspecting Agency. The duty, however, of inspecting Registration Offices is not difficult or responsible, nor is it one which necessitates much previous training. We think, therefore, that the salaries which are now paid to the Inspectors are unnecessarily high. We propose that officers of the Deputy Collector class should be appointed to the posts on salaries of (say) Rs500 per mensem each, and we provide the sum of Rs1,000 per mensem on this account. The Lieutenant-Governor has signified his assent to this recommendation.

122 The reductions above suggested should lead to the marginally-noted savings as compared with the Budget of the current year. There will also be some saving under the head of Travelling Allowance in consequence of the employment as Inspectors of officers of a lower official status, and we, therefore, provide for a decrease of expenditure amounting to Rs10,000 under the head of Superintendence.

	Budget	Proposed	Savings
	Rs	Rs	Rs
Inspector General	21,060	18,000	3,060
Inspector	18,080	12,000	6,080

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Registration

District Establishments

123 The District establishments of the Department comprise the following —

- (i) District Registrars
- (ii) Special Sub-Registrars
- (iii) *Ex-officio* do
- (iv) Rural do

124 The duties of District Registrars are discharged *ex officio* by the Magistrates and Collectors of districts, so far as they are not made over to the Special and *Ex-officio*

Sub Registrars

125 The Special Sub-Registrars, twenty-one in number, are employed at the head-quarter stations of the heaviest districts

Sub-Registrars,—Special,

As a general rule, they also exercise all the powers of a District Registrar, except those of control and of disposing of appeals from the orders of the other Sub-Registrars employed in the district. In some of the heaviest districts, however, they have been vested with appellate powers also. With the exception of one officer, who draws the pay of Rs200 under an old arrangement, which has been discontinued and which will not be revived, Special Sub-Registrars draw pay at Rs100, if the number of Rural Sub-Registrar offices, which they are required to inspect, exceeds ten, or at Rs75 otherwise. With the exception of the officer who receives the pay of Rs200, they all also receive commission on the following scale —

	Rs
If the monthly number of documents registered in their offices does not exceed 150	60
If the number exceeds 150 but does not exceed 300, additional for each 50 documents	10
If the number exceeds 300, additional for each 50 documents	5

Special Sub-Registrars are supposed to inspect each Rural office once quarterly, but appear in reality to do so not more frequently than once annually.

126 The *Ex-officio* Sub-Registrars, thirty-one in number, are Assistant or Deputy Magistrates, either at head-quarters of Districts or in charge of Sub-Divisions. If at the head-

quarters of Districts, they have powers similar to those of special Sub-Registrars, as above described. They receive commission at 25 per cent on the fees collected by them, limited to Rs600 in each half-year,—an amount which appears to be but seldom realised. The maintenance of these offices being expensive, it has been decided gradually to replace them by Rural offices. Considerable progress has recently been made in carrying out this decision.

127. The Rural Sub-Registrars, 248 in number, receive salaries varying from Rs40 to Rs150 per mensem, according to the number of documents registered in their offices.

Rural

They also receive allowances for the maintenance of their establishments, varying from Rs10 per mensem, where the monthly number of documents registered does not exceed one hundred, to Rs12 per hundred documents, where the monthly number of registrations exceeds five hundred.

128 The offices of the District Registrars are in all cases amalgamated with those of the Special or *Ex-officio* Sub-Registrars at district head-quarters. The number of clerks

Office Establishments

The Future Provincial Contract with Bengal

Registration

and muhanniss employed in these amalgamated offices varies from ten in Backergunge to one each in Singbhoom and Daijeeling, as shown in the margin. In two districts the Head Clerks get R40 per mensem, in ten districts R35, in the remainder R30, except in Daijeeling, where the pay is only R25. The salaries of the subordinate clerks are R25 or R20 and those of the muhanniss R15.

1 district,	10
3 districts,	9 each
4 "	8 "
1 district,	7 "
7 districts,	6 each
5 "	5 "
8 "	4 "
3 "	3 "
5 "	2 "
2 "	1 "

129 So far as we can judge, these establishments have been fixed with due regard to the amount of work to be done, and are paid at reasonable rates. The question of the improvement of their position has recently been brought before the Bengal Government in the Salaries Commission Report, on which orders have not yet been passed. Bearing in mind the generally simple nature of their duties, we cannot see that there is any valid reason for raising their pay. On the other hand, we are unable to recommend any general decrease of expenditure under this head.

130 Two clerks are allowed to the Sub-Divisional *Ex-officio* Sub-Registrar at Nowgong in the Rajshahye district, one on R25 and the other on R15. As the number of documents registered in this office in 1885-86 was only 711, one clerk should apparently suffice. The other offices of this class have only one clerk apiece. These clerks are paid from R30 to R15. A small reduction might probably be here effected.

131 The Registrar of Calcutta, who is also Registrar of Joint Stock Companies, receives a salary of R600 per mensem, but is not granted commission in addition. It appeared to us that this was an unnecessarily high salary, and on our representation His Honour the Lieutenant-Governor has intimated his willingness to reduce it to R100. A saving of R2,400 per annum will thus be effected.

132 The Office establishment of the Calcutta Registrar comprises the following hands: Three clerks on R100, R60 and R10, a record-keeper on R20, ten copyists, three on R30 and seven on R20, and one clerk on R40 using R50 for Joint Stock Company work. Including memals, the establishment costs R534 to R544 per mensem, or (say) R6,500 per annum in round numbers. This expenditure appears to us excessive for the registration of rather more than four thousand documents annually. In fact, the whole cost of this office is such that in 1885-86 the average cost of registering each document was no less than R3-13-10. The average cost for the rest of the Province was 10 annas 9 pies per document. No doubt the deeds registered in Calcutta are often longer than those registered in the Mofussil, but we cannot think that the difference can be so great as to necessitate an expenditure nearly six times as high. In the Town of Madras there are two Registration offices. In 1885-86 the total expenditure was R14,267, the number of documents registered 5,731, and the cost per document R2-7-11, the cost per document in the Mofussil being 14 annas 10 pie. The clerks are paid R50, R30 and R30, the Record-keepers R25, and the copyists (by fees) R21 each. It appears to us that there is considerable scope for economy in the Calcutta office, and that by suitable

and his establishment
reductions Suggested

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Refunds General Administration

arrangements the cost might be reduced so as not to exceed that of the Madras offices. We do not, however, take this into account in framing the Contract.

133 The total (6,37) of the current year's Budget Estimate of expenditure under Registration is 42 in excess of the actuals of 1885-86 (5,95). The increase is almost wholly under the head of Commission and other payments to Sub-Registrars, and is due to the substitution of Rural for *Ex-officio* Sub-Registrars and to the general expansion of the operations of the Department. The provision, however, under Travelling Allowances (14 altogether) is more than 3 in excess of the average (Rs10,968) of the actuals of the years 1882-85. We estimate therefore that a total saving of 15 is feasible, as shown in the margin, and fix the Contract figure of expenditure at 6,22.

Future estimate

Superintendence (paragraph 122) 10
Registrar of Calcutta (paragraph 131) 2
Travelling allowances 3

REFUNDS

134 Land Revenue Refunds have averaged 61, owing to an exceptional expenditure in 1884-85. The Budget is 50, which appears fair and is taken.

135 The Budget Estimate under other heads on the whole closely corresponds with the average of past years and is taken. It is as follows: Stamps, 1,43, Exercise, 8, Assessed Taxes, 23, Forest, Rs500, Registration, 4, and Provincial Rates, 65.

Divided heads

GENERAL ADMINISTRATION

136 The details which go to make up this head are as follow, taking the Budget figures of 1886-87 —

	Budget, 1886-87	Committee's Estimate
Lieutenant-Governor, Personal	96 0	96 0
" Household and Staff	31 0	31 0
Tour expenses	74 0	57 0
Legislative Council	21 5	12 0
Civil Secretariat (including Translation Department 2,80)	4,35 9	4,31 4
Board of Revenue	2,59 7	2,59 7
Commissioners	5,00 3	5,00 3
Office of Account, Provincial Portion	30 7	
Audit of Local Accounts	51 4	
Wards' Estates, Management	59 9	1,40 6 (a) 1,40 6
	<hr/> 15,59 0	<hr/> 15,28 0

137 The expenditure, starting from 14,72 in 1881-82, has been 15,10, 15,45, 16,06 and 15,77. The Estimate for 1886-87 is 15,59. This increase is principally attributable to three items: the cost of moving the Secretariat to Darjeeling has been larger by 24, the Secretariat Establishment is more costly by 32, owing to increase in the number and pay of clerks (on this subject we propose (b) to submit a separate Note comparing the cost and working of all Secretariats), and there is an increase of 34 on account of the audit of Local and Municipal accounts, and the management of a larger number of Wards' Estates. The latter item is recovered from the Estates, and the former from the Funds concerned.

(a) After deducting 14 savings.

(b) This intention was not carried out before the dissolution of the Committee.

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General Administration

138 The charge on account of Tour expenses has been dealt with in a separate Note (*vide* Volume II, chapter XIII, section D) It is only necessary to say here that the Local Government are prepared to reduce it The total estimated reduction amounts to 17, of which 10½ falls under this head and the remainder under Public Works, Stationery and Printing, and the various Departments, the heads of which accompany the Government to Darjeeling For convenience sake, we take the whole deduction here

139 There is a Secretary to the Legislative Council on Rs1,000. His Civil Secretariat, Legislative Department establishment has recently been reduced and now consists of a Registrar on Rs300—Rs400 with Rs100 for short-hand writing, a clerk at Rs80—120, two daffams, and four peons The Council sits, as a rule, only in the cold weather, and during most of the year these officials have little or nothing to do. In Bombay there is no such establishment, the work being entirely done by the Judicial Department assisted by the Legal Remembrancer In Madras an Assistant Secretary in the Judicial Department is placed in special charge of this work and employs two clerks and two servants We think this example should be followed in Bengal, and we were at first inclined to propose the appointment of a Civil Servant of the standing of a Joint Magistrate, during the cold weather only, to do the first rough work of the Department But at the Lieutenant Governor's suggestion we adopt an alternative proposal, that a lump sum of, say, Rs6,000 should be granted, out of which the Local Government should provide itself with such assistance as it finds necessary for this work The services of the Legal Remembrancer and of the Advocate General might also be utilised for revising the draft bills The present Registrar should be included in the establishment of the Judicial Department of the Secretariat, his allowance for short-hand writing being confined to those months when the Council is sitting, and the clerk and peons should be abolished The future expenditure will then be 12, *viz*, Registrar 4 8, Temporary assistance 6, Contingencies (say) 1 2 The Budget provision being 21 5, there will thus be a saving of 9 5

140 There is a Bengali Translator on Rs700 with four assistants on Rs100 and upwards, a Hindi Translator on Rs400, and an Urdu Translator on Rs200 These salaries seem to us excessively high for men whose work consists of translating from and into their own vernaculars, and the number of their assistants seems unnecessarily large for the work to be done—the translation of Bills, Rules, and Circulars, and the reporting on 94 issues of newspapers in each week The Bengali Translator having lately died, a revision of his salary is easy, and we suggest that the three Translators receive Rs400, Rs300, and Rs200 apiece, and that the establishment be somewhat reduced Indeed, we believe the Hindi work could be done for the Bengal Government at Allahabad at little or no cost We estimate a saving of 4 5 under this head

141 The steamer of the Cluttacong Commissioner is kept up principally for the service of the Hill Police and partly also for the use of the Commissioner The steamer at Dacca is used by other officials besides the Commissioner The cost of the two is about 20 The Lieutenant-Governor considers that the retention of both these steamers is absolutely necessary in order to the inspection of riverain districts, which there are no other means of reaching except by country boat.

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General Administration

We do not therefore propose their reduction, but we think the general rule should apply to both Commissioners, that on the days when they use the steamers they should forfeit all travelling allowance in excess of any actual expense which they may incur for locomotion during that time

142 We have received suggestions from several quarters to the effect that the functions of the Board of Revenue and of the Commissioners of Divisions overlap to such a

Board of Revenue

degree that the one institution is superfluous where the other exists. The subject is a large one, and we have deemed it our duty to abstain from considering it here or in the North-Western Provinces, as it is one of those questions of "organic structure" which it lies beyond our functions to deal with.

143 The establishment of the Board of Revenue consists of two Secretaries on Rs. 2,500 and Rs. 1,800 per mensem respectively, of ninety-two clerks costing altogether

The Board's establishment

Rs. 1,01,076 per annum and drawing on the average Rs. 81 per mensem, and of seventy servants. This is exclusive of the Presidency Opium Godowns (Imperial) establishment (one intendant, two clerks and twenty-two servants), of the Wards' Rate, the Road Cess and the License Tax establishments, and of an establishment costing Rs. 170 per mensem paid from the Record grant.

144 The Madras Revenue Board's establishment comprises two Secretaries on Rs. 2,000 and Rs. 1,500 respectively, eighty-eight

Comparison with the Board's establishments in other Provinces

clerks on the average pay of Rs. 72 per mensem, and fifty-three servants. This is inclusive of twenty-four clerks and three servants in the Trade Registration Department, the duties of which are not, in Calcutta, discharged by the Board of Revenue. The establishment of the Board of Revenue of the North-Western Provinces consists of a Secretary on Rs. 2,000, an Assistant Secretary on Rs. 600, seventy-two clerks costing Rs. 73,156 per annum and drawing the average pay of Rs. 85 per mensem, and forty-three servants costing Rs. 250 per mensem.

145 The Calcutta Board's establishments do not appear to be over-

A reduction in number recommended

paid, but they seem to us to be unnecessarily numerous. It is difficult, for instance, to understand how seventeen daf-tanis can be required to attend in an office of ninety-two clerks, or thirty-six peons to wait on four officers, and how seventeen fariashes, daf-wans, water-bearers and sweepers can find work to occupy them in a single office. There certainly would appear to be room for reduction in these subordinate establishments. As regards the clerks, the Opium and Salt Sale Accounts Departments, in which fifteen clerks are employed, have no counterparts in the Madras Revenue Board Office. The remaining establishments are very strong, it appears to us, but we have been unable to spare time for a sufficiently detailed examination of their duties to warrant us in saying that they are too strong, except in the Copying Department. This Department contains twenty-seven hands. It is stated that there is full work for all of them. We think, however, that a great reduction of work might be effected by a briefer method of conducting correspondence, such as is adopted, for instance, by the Madras Board of Revenue, who reply to letters and address Government by Proceedings. We believe that an immense saving of scriptory labour might thus be effected, especially in the case of short routine orders and reports. We

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Law and Justice, Courts

recommend that enquiries be instituted into the work performed by the above and by the remaining establishments, in view to a reduction in their number and cost

LAW AND JUSTICE, COURTS

146 The Expenditure and Receipts are as follow —

	1883 84	1884 85	1885 86	1886 87 Budget	Committee's Estimate
Expenditure—					
High Court	10,34	10 87	11,95	11,27	11,27
Advocate General, &c	1,18	1,16	1,13	1,19	1,19
Legal Remembrancer and Pleaders	1,69	1,40	1,60	1,46	1,42
Coroner	11	13	13	13	9
Presidency Magistrates	54	52	56	53	52
Civil and Sessions Courts	36 77	37,48	38 23	37,20	38,00
Small Cause Courts	2 91	2,91	2,98	2,92	2,80
Criminal Courts	20,15	20,36	20 81	20,63	20,68
Pledership Examinations	10	10	9	8	8
Sub divisional Establishments	1,11	1,12	1,23	1,18	1,13
Refunds	1,31	1,25	1,33	1,30	1,30
TOTAL	76,21	77,30	80,04	77,99	78,53
Deduct transferred to 28 Civil Furlough, &c, Allowances				12	12
NET TOTAL	76 21	77,30	80 04	77,87	78 41
Receipts	7,64	7,54	7,41	7,65	7 65

147 The question of the High Court (a) and of the Law Officers immediately connected with it will be separately taken up In the meantime we repeat the Budget figures

148 The figures under Legal Remembrancer may be thus divided —

	1883 84	1884 85	1885 86	1886 87 Budget	Committee's Estimate
Calcutta Staff	71	50	55	65	61
Mofussil Pleaders	22	22	22	22	22
Calcutta Establishment	10	10	10	10	10
Mofussil ditto	6	6	6	6	6
Pleaders Fees	55	51	50	37	37
Remembrancer's Law Charges	10	5	20	11	11
Other Expenditure	1	1	1	1	1
Deduct Contribution	—6	—4	—4	—6	—6
TOTAL	1,69	1,41	1,60	1,46	1,42

149 The Legal Remembrancer receives Rs3,000 per mensem He had originally the whole of the office work to conduct and employed two Government Pleaders on Rs300 to appear before the High Court, the Senior in civil cases and the Junior in criminal appeals In 1875 he obtained the additional assistance of a Deputy, a Barrister by profession The appointment was originally created with the object of enabling the Legal Remembrancer to cope with the increasing litigious work, it was intended that the Deputy Legal Remembrancer should especially attend to all Waids'

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cases, and the Wards' Estates were to pay the Government by fees according to the work done. But as soon as the fees began to be demanded, the Revenue Authorities came to the conclusion that the Estates could not afford to pay them, and the litigation connected with Wards' Estates is now mostly conducted by the local Government Pleaders without reference to the Legal Remembrancer, except in special cases. Meanwhile another branch of the legal work of Government—the defending of criminal appeals in the High Court—has been demanding more and more attention, especially as Barristers have been more and more employed to represent the appellants, and this branch of the work is now considered sufficient, and of sufficient importance, to justify the retention of the Deputy. The present distribution of the work appears to be as follows:

150 All business passes formally through the Legal Remembrancer's hands, but he is mainly concerned with giving opinions in the civil cases to which Government is a party. These number about 1,120 a year, of which 25 or 30 only are heard in the High Court, the rest in Mofussil Courts.

151 The chief duty of the Deputy Legal Remembrancer is to appear for Government before the High Court in criminal appeals. These number from 600 to 700 a year, but he only appears in cases where Counsel or a Pleader is engaged by the appellant, or where the High Court specially desires the Crown to be represented—say in about 125 cases a year. He also appears in the Marine Court in cases connected with the Merchant Shipping Act numbering about twenty a year or less. All Wards' cases referred to the office come to him and are returned by him with his opinion and advice to the Government Pleaders in the Mofussil Courts. All cases in which Government is moved by the Commissioners to appeal against acquittals are sent to him, and he submits advice (through the Legal Remembrancer) to the Government. The revision of Municipal bye-laws, rules of procedure, rules under Acts and the like, is also performed by him in subordination to the Legal Remembrancer.

152 In civil cases in the High Court the Government is represented by the Senior Government Pleader, who has a retaining fee or salary of Rs300, and an Assistant on Rs100. The pleaders in districts usually receive a retaining fee of Rs50 and are also allowed clerical assistance. They all give legal advice, when required, to the local authorities. All pleaders, both in Calcutta and in the Mofussil, receive, in addition to their fixed retainers, the regulated fees in the cases in which they appear.

153 There is also a Junior Pleader in Calcutta on Rs300. He was originally appointed for criminal work in the High Court, but since the appellants have been more and more represented by Barristers, this work has fallen more and more into the hands of the Deputy Legal Remembrancer, and the Junior Pleader has been unemployed. The Legal Remembrancer has already reported to the Government of Bengal that this appointment should be abolished, and we understand that the Lieutenant-Governor has expressed his agreement in the proposal, which will, it may be assumed, be carried out at once. This virtual substitution of a Deputy Legal Remembrancer on Rs2,000 for a Junior Pleader on Rs300 is an expensive arrangement, but we believe that the increase of the work of defending appeals and the

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greater technicality of it may be held to justify the augmented expenditure. We have taken account of a saving of 4 on account of the abolition of the appointment of Junior Government Pleader. Actually the saving should be much larger. The present arrangement is that the Senior Government Pleader gets a part only of the fees for doing all the work. It is not suggested that he is underpaid. The fees may therefore be reduced by the amount of the share of them which the Junior Government Pleader now draws for doing nothing. We have, however, no means of calculating the saving which will accrue on this account.

151 The fees earned by the Legal Remembrancer on account of Government are charged according to a somewhat indefinite scale and vary from Rs16 to Rs5 in each case. Then total amount appears to be only about Rs5,000, and in nine tenths of the cases the similar legal services of Government Officers and Government Pleaders are given for nothing. If the Estates are made to pay a fair contribution, as proposed by us in paragraphs 62 to 64 above, there would be no objection to the continuance of the present system, but unless that is done, we cannot conceive any reason for relieving Wards' Estates of charges for legal advice, which they would most certainly have to pay, if they had not come under the Court. We recommend that the scale of charges be raised so as to equal the amounts, which the Estates would have to pay in Solicitors' charges and Counsel's fees, if private practitioners of good standing were employed.

155 It appears to us that the appointment of a Barrister to the office of his Deputy must have greatly relieved the Legal Remembrancer, while at the same time detracting from the importance of his appointment. We were disposed, therefore, to recommend a reduction of the pay on the occurrence of the next vacancy in the office. In the face, however, of the very strong opinion as to the status of the Legal Remembrancer expressed by the Committee which in 1875 investigated the whole question of the duties and emoluments of the Law Officers of Government (*vide* paragraph 16 of their report), we abstain from making the proposal. But we think that the continuance of his present pay will be justified only if the Legal Remembrancer, in addition to his present work, undertakes as part of his regular duties the drafting of Bills and the supervision of their passage through the Local Legislative Council, subject to the arrangement mentioned in paragraph 139. This has always been the recognised arrangement in the case of the Legal Remembrancer in Bombay (*vide* Notification No. 5756, dated September 15, 1882).

156 The only other point requiring notice under this head is the sub-head "Law charges" in Calcutta, of "Law charges" under Legal Remembrancer. These represent the cost of stamps and fees in civil proceedings (both of which depend entirely on the value of the suits), and the cost of preparing the record in the manner required by the High Court,—that is, all the pleadings, documents, and evidence have to be translated and printed. The amount of the charge is thus extremely variable, as a single heavy case may cost Rs2,000 under this last head alone.

157 The Law charges of civil litigation in the Mofussil Courts are mostly and in the Mofussil taken under the head of Collectors' Government has to be represented in the Sessions Courts also in criminal appeals, and the

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Pleader who appears for Government (that is, the Government Pleader, unless, as is the case in some of the principal districts, he declines to take up this branch of the work) gets Rs16 a day, and in one or two places Rs32. The annual cost comes to over Rs40,000.

158 The charges under Coroner are mostly composed of the Coroner's allowance of Rs300 (with Rs36 of conveyance allowance) and the Coroner's Surgeon's allowance of Rs500.

159 The Bombay allowances are Rs400 and Rs200 respectively, and the number of inquests is larger. The Surgeon seems to have an unnecessarily large allowance, and we recommend that it should be reduced to the rate obtaining in Bombay, *i.e.*, to Rs200. We take credit for a reduction of 4 on this account.

160 There are at present two Magistrates on Rs1,500 and Rs1,250 respectively. They both sit in the same building, although they divide the city territorially. We are given to understand that the work is ordinarily very light. It does not seem to us to be necessary to provide two highly-paid Magistrates. The greater part of the work is composed of very petty cases such as are dealt with by Magistrates of the lower grades in the Mofussil, and though important cases occasionally occur, they would be sufficiently provided for by the retention of only one Magistrate of standing and experience. Separate territorial jurisdictions are not a necessity, nor are they even a convenience when both the Magistrates sit in the same building, and we would recommend that in lieu of two Magistrates acting independently, there be only one Chief Magistrate, on the present salary of Rs1,500, and that he be given a Joint or Deputy Magistrate, who might be selected from the existing staff of Deputy Magistrates in Bengal. We would suggest that a pay of Rs600 would be sufficient for such an officer, as it would permit of the selection of an officer from the Rs500 grade. The Government of Bengal is prepared to entertain this proposal, but we understand that it would fix the Second Magistrate's pay at a higher figure than we propose. The full saving on the scale we propose would be Rs650 a month or Rs7,800 a year. We take credit for Rs6,000 in the new Contract.

161. The nature of the increase of cost under the somewhat comprehensive head of Civil and Sessions Courts, will be seen from the following details —

	1883-84	1884-85	1885-86	1886-87, Budget	Committee's Estimate
Salaries	20 12	20 35	20 64	20 71	} 38,00
Establishment	7 56	7 74	7 95	7 96	
Copyists	1 61	1 71	1 70	1 58	
Other Contingencies	1 00	1 10	1 13	1 30	
Travelling Allowances	26	32	32	30	
Process Service	6 22	6 26	6 49	6 65	
TOTAL	36 77	37 48	38 23	37 20	38,00

(a) 253-95, probable savings on whole head

The increase occurs practically under Salaries and Establishment, and is due to the continual creation of new courts to meet increasing business. In 1885-86 there was one additional Judge for the whole year, three additional Subordinate Judges, in three districts, for six months, and several additional Munsiffs. The increase under Process Service is practically not increased expenditure, as the charges are met out of special receipts.

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162 It is obvious that the Budget Estimate will be exceeded by about a lakh of rupees. The full estimate, in the original, Budget provision insufficient was 38,15. A deduction of 95 was made for possible savings, reducing the figure to 37,20, but it would not be safe to take the present standard of expenditure under 38,00.

163 This expenditure is for the most part governed by the action of the High Court, who propose the appointment of additional Munsiffs as the work demands it, and who also primarily deal with questions of establishment. We understand that the Government of Bengal has proposed a systematic enquiry (like that which it has recently carried out in the case of the revenue establishments) into the strength of the judicial establishments also, both as to the number of courts required, and as to the clerks, &c, required for manning them, and we are informed that it has asked for sanction to an immediate increase of ten Munsiffs and of one Subordinate Judge, which will cost Rs1,200 in salaries alone, besides about Rs16,000 for establishment. We do not provide for this in the new Contract, though the amount should be added, if the Government of India sanctions the proposal. But we would urge that if any enquiry is undertaken, the question should also be referred of relieving the judicial officers by making over non-contentious *quasi*-judicial work to the principal ministerial officers, so as to save as much as possible of the more highly-paid time of the Munsiffs and Subordinate Judges. Since the High Court necessarily gives more prominence to the question of the sufficient provision of tribunals than to that of economy in their working, we think that a more systematic enquiry than any we are able to make is necessary, before either existing expenditure can be curtailed, or continual increases can be prevented.

The Presidency Small Cause Court — compared with the Madras Court

161 The Presidency Small Cause Court compares as follows with that of Madras —

	No of suits	No of Judges	Average number of suits disposed of by each Judge	Cost of ministerial establishment per annum
Calcutta	31,000	5	6,200	Rs 71,000
Madras	26,000	4	6,500	26,000

165 The number of suits is about one fifth larger at Calcutta than at Madras, but the numerical strength of the ministerial establishments, exclusive of menial servants, is 119 at Calcutta, against 59 at Madras, and the cost of the former is nearly three times that of the latter. On looking into details the contrast becomes still more striking. Thus, the Treasurer at Madras has only two Assistants while at Calcutta he has eight. The book-keeper at Madras has no Assistant, while at Calcutta he has six. At Madras there are sixteen Native Bailiffs, while at Calcutta there are forty-two. The salaries paid in the Calcutta Court also seem in some instances to exceed those paid at Madras to an unjustifiable extent. Thus at Calcutta the Senior Bench Clerk draws Rs250 a month, and three out of the four others Rs200 a month each, while Clerks holding the same post at Madras receive only Rs70 a month. At Calcutta the Clerk of the Court receives Rs500 a month and has four Assistants, the whole establishment costing Rs682 a month, while at Madras the Head Clerk, who presumably discharges the same functions, receives Rs300 only and works single-handed. The above figures seem to us to indicate the necessity for careful scrutiny with a view to extensive retrenchment. One item charged in the establishment seems to

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call for special notice, namely, the allowance to the Treasurer of ₹150 a month for selling stamps. As the Office of the Collector of Stamp Revenue is only on the other side of the street, it would probably be easy to give all necessary facilities for the purchase of stamps at a cost not exceeding ₹50 a month.

166 We are also of opinion that the pay of the two junior Judges might easily bear reduction. They stand at ₹1,300 and ₹1,125, being probably fixed with the view of the appointments being conferred upon Barristers. It seems sufficient to provide two Judgeships only of this class, the first, as at present, upon ₹2,500 and the second on ₹1,400. The other two, we think, might be filled, with perfect satisfaction to the public, by officers of the subordinate judicial service, costing ₹800 or ₹1,000. In fact one such officer is already officiating in the third Judgeship and drawing the pay fixed for a Judge of a different class, and one Small Cause Court Judgeship, which is only a hundred yards over the legal boundary of Calcutta, and in which precisely the same sort of work has to be done, as is done in the Calcutta Court, is systematically filled by an officer of this class.

167 We propose to reduce the provision for the Small Cause Court by ₹12,000, but we feel sure that the Government of Bengal will find itself able to secure larger economies than this.

168 In the Mofussil there are only three Small Cause Courts proper,—
Mofussil Small Cause Courts Krishnagailh, Hooghly, and Sealdah—though Subordinate Judges elsewhere exercise Small Cause powers in twenty-five Courts. In the latter case the Judges are provided with an establishment of three or four clerks, two to four bailiffs, two to four servants, and peons, &c., as shown in the margin, for their Small Cause work, independently of their other judicial work. It seems to us that the necessity of separate establishments on this scale is open to question, as the time given to Small Cause work obviously reduces the amount of ordinary judicial work performed. This matter might well be examined if an enquiry into the working of the judicial establishments is undertaken.

169 The expenditure under this head has been for some years very steady, two thirds of it being the moiety of District Officers' salaries, of which the other half is charged to Land Revenue. The only other officers charged to this head are an Assistant in the Tributary Mahals, Cuttack, and three Cantonment Magistrates, for Dinapore, Barrackpore and Dum-Dum, two on ₹1,000 and one on ₹700. Dinapore is so far from the Civil station of Bankipore as to require a separate Cantonment Magistrate, and as in the other two cases the officers in question do also the regular work of Civil Sub-Divisional Officers and Small Cause Court Judges, there seems to be no objection to their retention.

170 In four smaller Cantonments, the necessary Cantonment work is arranged for without extra charge.

171 The remainder of the charge for Sub-Divisional Establishments is shown in paragraph 25.

	₹
74 Clerks	43,317
72 Bailiffs	4,776
46 Servants	2,546
1 Sale Amin	168
2 Nazirs	1,020
371 Peons	27,924
566	
TOTAL	79,751

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172 The charges for Pleadership Examinations are more than covered by fees

173 *Receipts*—The receipts are at present fairly steady and demand no comment

LAW AND JUSTICE, JAILS

174 The following are the figures relating to Jails —

	1882-83	1883 84	1884-85	1885 86	1886-87, Budget
Manufactures—					
Receipts	8,42	6,42	7,26	7,41	7,15
Charges	6,11	5,69	5,62	5,39	7,27
Net	2,31	73	1,64	2,02	—12
Other receipts	5	4	3	2	5
Other charges	10,52	11,28	11,15	11,04	11,14

175 The Bengal Government say that the heavy fall of two lakhs in Jail manufactures, in 1883 84, was due to the orders restricting the more remunerative kinds of Jail labour, but that now a slow recovery may be expected. The figures show the recovery to be fairly rapid, and two lakhs is a moderate estimate of the net receipts

176 The Budget Estimate of 1886-87 shows a loss of 12, but this appears to be due to some misunderstanding between the Jail Department and the Accountant General, the former being under the erroneous impression that credits for receipts are not given in the accounts. The figures given in the Inspector General's reports as the amounts paid into the treasuries on account of manufactures are stated without any reference to the actual fact of such payment, and include even such things as the nominal value of the output of work at the Presidency Jail Press. The accounts of Government show the actual cost of this Institution under Printing and Stationery, and neither debit Jails with the cost, nor credit it with either the real cost or any nominal value of the work done

177 There seems little doubt that, as the jails are now emancipated from the restrictions imposed a few years ago upon their manufactures, we may look for a considerable profit, the net receipts of 1882-83 being already nearly reached in 1885-86, and we may therefore substitute for the Budget figures of manufacture the actuals of last year, 1885-86

178 As regards Jail manufactures, the orders of the Secretary of State are thus explained in Home Department No 10—605-18 of 7th May 1886 —

Policy of Government regarding Jail Manufactures

“As regards the preferential supply of articles of Jail manufacture to Government Departments, Her Majesty's Secretary of State has decided that Local Governments and Administrations should in future adapt their intramural industries as much as possible to the requirements of the public consuming departments, these departments being compelled to take articles of Jail manufacture which they require, as long as such articles can be supplied by the jails of the same quality and at the same price as they can be obtained in the open market”

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179 Now, so far as quality is concerned, the Bengal jails are exceptionally well situated, being amply provided with machinery and not depending upon pure hand-work. So far as concerns price, the Inspector General is indifferent, being willing to settle prices upon any fair basis, either those proposed by the consuming Department, or, if they are entirely unacceptable, those fixed by the arbitration of a third person.

180 Under these circumstances, the Inspector General proposed to the Government of India (chiefly with reference to Military requirements) "to turn out by machinery most of its requirements in gunny, woollen and cotton goods, the latter to include tents of the best make. This Department can guarantee the quality of its manufactures as they are done by machinery and prepared by prisoners long skilled in these manufactures."

181 In reply to this offer the Commissary-General-in-Chief suggests, as "the simplest and the only practical way, that as the requirements of this Department are, as a rule, advertised for, Superintendents of Jails should, with reference to those advertisements, submit, with the general public, then offers for consideration." In the same way the Superintendent of Army Clothing, Calcutta, suggests that the officers concerned should "consult the *Exchange Gazette* in which tenders for materials required are always invited and submit their tenders with sample of the articles which they are prepared to supply."

182 In the letters from which these extracts are quoted both these officers profess their desire to meet the objects which the Jail Department has in view, but it is evident that they fail to apprehend the financial bearing of the ease. The practical result is equivalent to a refusal to carry out the instructions of the Secretary of State. It is obviously an extravagance for the Government in the Military Department to pay cash to third persons for doing that, which the Government in the Jail Department can do without extra cost. The latter Department has to maintain its factories and to feed its labourers, whether fully employed or not, and if it can buy its raw material cheaper than the Military Department can buy the finished article, it is a great economy to Government that the requirements of the Military Department should be met, as far as they can be, through the jails. The proper course is obviously that definite contracts for periodical supplies from jails, during lengthened periods, should be made between the two Departments. As the Secretary of State's instructions indicate, the greatest economy is obtained when the jail industries are adapted to the requirements of consuming Departments, but such adaptation is an impossibility when the consuming Department reserves the right of stopping the supplies at any moment. No person in private business would dream of calling for tenders from the public for articles which he himself manufactured and had exceptional facilities for cheaply manufacturing and supplying. And it should also be remembered that many private firms, which entirely admit the right of Government to supply itself from its own Departments, make the strongest objection, when public tenders are called for, to the right of Government Departments to under-bid them. At the same time, the purchasing Departments should have full power, under proper precautions, to reject all articles supplied which are not up to sample, and to fix prices at the rates for which they can purchase in the open market.

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183 The jail population has latterly been greatly reduced (as has been the case in the rest of India), and we think that some of the district jails should be closed. The buildings would still remain ready for service, but meantime establishments would be saved, and other economies would be obtained from the management of the prisoners in larger groups.

184 The Khoolna Jail is certainly one which can be closed without inconvenience. It is only two or three years since every prisoner convicted at Khoolna and Bagerhat was sent into Jessore, so that the proposal in these cases is only to do what was done as a matter of course a short time back, and what has become more easy since, for there is now a railway from Jessore to Khoolna. Satkhira prisoners might have a little further to go than before the creation of the Khoolna district, but the distance they would have to be conveyed is little more than it used to be. We observe that proposals have been made to spend nearly two lakhs of rupees in erecting a new jail at Khoolna, but we consider that no measure of the kind is in any way called for, so long as prisoners convicted at Khoolna can be sent (as they always used to be) into Jessore.

185 We understand that the Bengal Government is willing to close the Bhagalpur District Jail at once, as the Central Jail at the same place meets all necessities. The other cases in which we would suggest the same measure are as follows —

	Capacity of jail	Average population in 1885
A { Hooghly	550	243
{ Burdwan	332	129
{ Beerbhoom	265	163
B { Dinajpur	539	164
{ Rungpore	422	243
{ Jalpaiguri	162	99

186 We think that one jail out of each of these groups might easily be closed, and we would suggest also that Mozufferpore and Bancoora might be closed, though in these cases it is not so easy to point to any single adjacent jail to which the present population might be transferred.

187 The closing of a district jail, and its reduction to the status of a mere lock-up, promises, as we understand, an economy of about Rs,000, and as we estimate that about four (including Bhagalpur) can certainly be closed, we take credit for Rs25,000 in the new Contract, as a saving available under this head. This will allow of the Government setting against the direct saving such charges as those of maintaining and looking after the empty jails (which must not be allowed to fall into disrepair) and as those of additional travelling and escorting of prisoners.

188 Another suggestion has been made by the Lieutenant-Governor, who, as we understand, would prefer to abolish the Presidency Jail, and to keep a larger number of prisoners in the district jails. This would enable the Government to dispense with a specially expensive establishment at this Jail, but on the other hand the labour of the prisoners (which is devoted to printing) is very productive, and besides these financial considerations there are legal difficulties in the way of closing the Jail, for there must be some place for High Court prisoners within

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the Court's jurisdiction, which does not at present extend to the Alipore Jail We have not therefore felt justified in following out this suggestion

189 We have received the following statistics
Cost of rations as to the price of rations —

*Comparative Statement of the Cost of Prisoners' rations in Bengal Jails
from 1881-82 to 1886-87*

	1881-82	1882-83	1883-84	1884-85	1885-86 Revised	1886-87, Budget
	R	R	R	R	R	R
Presidency Jail	23	25	27	29	32	29
Central Jails	97	121	135	140	145	154
District „	1,26	1,37	1,42	1,61	1 60	1 58
Subsidiary Jails and Lock ups	13	16	16	19	20	20
TOTAL	2,59	2 99	3,20	3,49	3,57	3,61
Jail Population	16,556	15,971	14,769	14,760	14 924	
Price of rice per maund, in annas	23½	25	31	40½	40½	

190 These figures show that while the number of prisoners has been continually decreasing, the total cost of rations has, by an increase of price, continually been rising We may hope that the high prices of the last year or two will not be maintained, and that a considerable economy will become available under this head Or rather, there is reason to think that the Budget of 1886-87, in allowing over 3½ lakhs as cost of rations, makes ample provision for even a large increase in the number of prisoners

191 Careful measures seem to be taken to keep down the prices of food, every jailor being kept fully acquainted with the rates obtainable by every other.

192 There are at present several Burmese prisoners in the Bengal Jails, for whose maintenance Bengal receives, by inter-provincial adjustment, a credit reckoned at the average cost of maintenance according to the past years' Reports This adjustment will of course cease when the new Contract is made allowing Bengal the full existing scale of expenditure, but it will have to be continued for future transfers of prisoners The method by which it is calculated seems fair

193 Our attention has been drawn to one small item of expenditure which might, we think, be avoided The Bengal Government have to make to the Superintendent of the Presidency Jail an allowance, in lieu of house-rent, of Rs1,800 a year There are quarters in an adjacent building (the General Hospital) which are exactly suitable for the purpose, but which are at present unavailable, because, for four months in the year, they are required for the Surgeon-General's Secretary It would obviously be cheaper to make to this latter officer the usual house-rent allowance for the four months he is in Calcutta and to set free the quarters for the Superintendent of the Presidency Jail

194 The estimate under Jails, for the future Contract, is —

	Receipts	Charges
	R	R
Manufactures	8,41	6,39
Other heads	5	10,89
TOTAL	8,46	17,28

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Police

POLICE

195 *Expenditure*—The following table shows the expenditure on Police under its chief heads for 1881-82 and for the five years of the current Contract —

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87 Budget
	R	R	R	R	R	P
Presidency Police	2 57	1 88	2 76	2 09	2 91	2 92
Municipal Police	38	1 86	10	29	32	43
Superintendence	1 26	1 21	1 20	1 24	1 09	1 15
District Executive Force	3 11	35 92	38 18	39 92	39 78	38 12
Chittagong Frontier Police	1 96	1 86	1 92	1 76	1 65	1 85
Miscellaneous	1 61	1 88	1 60	1 82	1 81	2 05
TOTAL	10 87	41 61	15 86	48 02	47 79	46 82

196 The increase of six lakhs is principally under the head of District Executive Force. Out of this 4,97 is due to taking over the Municipal Police. In return for this the Municipalities have undertaken an additional expenditure of 1,86 on account of dispensaries, vaccination and education, part of which, however, is new expenditure, and is not a relief to the Government. Besides this, a new grade of Sub-Inspectors has been created, the new District of Khoolna has been created, and a steam-launch has been provided for the Dacca Police. The increase under Presidency and Municipal Police is explained below

197 The position of the Provincial Government with regard to the Municipalities of Calcutta and the neighbourhood is as follows. It pays one-fourth of the net cost of the Calcutta Police and one-fourth of the River Police, three-fourths being paid by Municipal taxation and by the Port Commissioners respectively. It formerly paid half the cost of the Police of the Suburban and Howrah Municipalities, but under the provisions of the Municipal Act IV (B.C.) of 1884 its share has been raised to three-fourths. It pays for Police guards on the Lock-up, the two Government Houses, the Stamp Office, Custom House, Ordnance Department, Commissariat Office, the Dockyard, the Mint, the Cossipui Foundry, the Clothing Agency, Fort William, the Telegraph and

THE PRESIDENCY POLICE

Calcutta

Cost of Police	R 4 63 415
Add collection of Police rate	1 000
	<u>4 67 415</u>
Deduct receipts from fees and fines, &c	56 509
Balance	<u>4 10 906</u>
Government share, one fourth	<u>1 02 727</u>

River Police

Cost of Police	39 314
Government share, one fourth	<u>9 835</u>

Suburban Police

Cost of Police	1 60 746
Deduct receipts fees, fines, &c	7 000
Balance	<u>1 53 746</u>
Government share, three fourths	<u>1 15 309</u>

Guards on Government Buildings

Calcutta Lock up	1 216
Other Buildings	52 128
Salt Police	4 336
Contingencies	<u>7 060</u>

Total (payable by Government)

64 740

Howrah Municipality

Government share, three fourths of total	<u>43 500</u>
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GRAND TOTAL GOVERNMENT PAYMENTS

3 76 112

Survey Offices, the Paper Currency Office, and the High Court, and for four Salt Stations. We think that the strength of these guards may be found to be capable of reduction, and we recommend that a competent officer be instructed to enquire into the necessity of the number of sentries in each case. It may be found advantageous that each institution supplied with Police shall be separately

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charged with the cost, in order to encourage the inclination to reduce the force to a minimum. This may involve some transfer of charge from Provincial to Imperial. We further note that there is a project on foot for transferring the remainder of the cost of the Calcutta Municipal Police (say three lakhs of rupees) to the Provincial Government, in return for which the Calcutta and Suburban Municipalities are to be amalgamated, and large and expensive sanitary reforms carried out, and the Government of India has undertaken to allow for a part, if not for the whole, of this increased expenditure.

198 The questions of the strength and cost of the Municipal Police and of the proportion it bears to the work which has to be done, and to the expenditure in the Presidency towns of Madras and Bombay, is a large one and will be discussed (a) after further examination in a separate Note. We need only say here that the expenditure in Calcutta seems to us to require examination, but that it is possible that any reductions we may have to propose can only be gradually carried out. We do not at present make any retrenchment in our proposed figures for the future Contract.

199 The Superintendence consists of one Inspector-General, with a Personal Assistant (who may be of any grade among the District or Assistant Superintendents and who receives Rs100 as a special allowance) and of two Deputy Inspectors-General at Rs1,500 each. The work of inspection is divided between them, the Inspector-General taking rather less than a third of the districts, and each Deputy Inspector-General rather more than a third.

200 The Local Government at first seemed inclined to advocate the abolition of one of the Deputy Inspectors-General, and on this understanding we were prepared to recommend it, but the Lieutenant-Governor has now pronounced against it, and considering the great extent of the province and the large number of districts, we think that there ought to be sufficient work for both these officers. As, however, we find that either the Inspector-General or one of the Deputies is always at head-quarters, we fail to see the necessity of the maintenance of the office of Personal Assistant to the Inspector-General. The abolition of the post would lead to a saving which may be stated at Rs6,000 per annum. We understand that the Lieutenant-Governor would not strongly object to this.

201 The executive staff of the Police is exceedingly strong in its higher grades. Including Assam, which draws its officers from the Bengal list, there are fifty District Superintendents of Police and thirty-six Assistants on the sanctioned list, with power to employ eighteen officiating men to fill up vacancies. The number held to be requisite is as follows. There are 45 districts in Bengal and seven (b) sub-divisions to which Assistants are specially posted, two special appointments, those of the Personal Assistant to the Inspector-General and of Assistant Inspector-General, Railway Police, and about sixteen Assistants in districts in which there are also District Superintendents. In Assam there are eight districts, of which four are light and are always held by Assistants, and two sub-divisions. Some Police officers are also employed in the Assam Fron-

(b) Patna City
Palanow
Serampore
Barrackpore

Serangunge
Sasseram
Gurjat Melals

(a) The Committee dissolved before this intention could be carried out

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ties Police, which should ordinarily be officered by military men they may therefore be left out of account Excluding them, there are sixty-four charges and sixteen additional officers who have no distinct charges Vacancies are filled by officiating men, who, after they have once acted, are placed, if ousted, on the temporary (or probationary) list, and draw Rs200 per mensem until again appointed to officiate

202 We question the necessity of having an Assistant Superintendent in addition to a District Superintendent in any ordinary district, except where the area is so large as to necessitate the division of the district into two separate charges It has been replied to us that the districts are very large and the work too heavy for one man, but no such necessity is found to exist in the North-Western Provinces, where the work seems to be heavier, though the districts are not so large Looking at the statistics of cognisable cases for 1884, we find that the Gorakhpur district stands first, with 7,800 cases, Sitapur next with 7,500, Patna next with 6,400, then Gházipur with 6,000 The North-Western Provinces have eleven districts with between four and five thousand cognisable cases, but Bengal has only four such districts We recommend therefore, as we have done elsewhere, that the Police establishment be manned on the principle of having one officer for each district and each important sub-division, and a sufficient margin over for furlough (say about 20 per cent) and for probationers, the number of probationers being calculated as equal to the average number of vacancies in three years If this is approved, the calculation would be, as above, that there are sixty-four charges, of which forty-nine are important enough for a District Superintendent of Police, while the rest can be filled (as now) by Assistants To them must be added thirteen for furloughs and long vacancies (the posts can be filled by Inspectors during short leaves) and ten Probationers, making eighty-seven in all —forty-nine District Superintendents and thirty-eight Assistant Superintendents and Probationers.

203 We further recommend that the Police Officers should be regraded, as has been done in the North-Western Provinces, and as we have proposed in other provinces We extract here a copy of the comparative statement inserted in our proposals as to the Madras Police (*vide* Chapter VII, paragraph 143, page 210), and add to it a column showing how the regrading might be carried out, so as to bring the salaries of the officers down to an average level corresponding to that in other provinces —

	Madras	Bombay	Bengal and Assam	North Western Provinces	Punjab	Central Provinces	1 proposed new grading for Madras	1 proposed new grading for Bengal and Assam
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
District Superintdts of Police	1st grade	2 @ 1000	3 @ 1000	7 @ 1000	4 @ 800	4 @ 1,000	2 @ 1000	2 @ 1000
	2nd	7 @ 800	5 @ 800	7 @ 800	10 @ 700	6 @ 800	4 @ 800	6 @ 800
	3rd	12 @ 700	7 @ 700	12 @ 600	10 @ 600	11 @ 600	3 @ 700	6 @ 600
	4th		4 @ 600	11 @ 600	10 @ 500	12 @ 500	5 @ 600	0 @ 500
	5th		0 @ 500	13 @ 600	12 @ 400		6 @ 500	16 @ 500
Average pay		21 @ 763	7 @ 607	50 @ 642	46 @ 560	33 @ 619	19 @ 650	21 @ 618
Assistants		1 @ 600	2 @ 500	10 @ 400	4 @ 300	4 @ 400	2 @ 300	5 @ 400
		10 @ 500	3 @ 400	15 @ 300	4 @ 250	6 @ 350	0 @ 300	12 @ 300
				5 @ 200	8 @ 250		0 @ 200	16 @ 250
Average pay		20 @ 505	5 @ 410	30 @ 337	8 @ 276	16 @ 329	11 @ 250	20 @ 302

N.B.—The scale here shown for the North Western Provinces is not that actually in force, but is the sanctioned scale which is being gradually introduced

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204 The saving by such a grading (including in the present scale the eighteen officiating men, who are not shown in the table in the preceding paragraph) would be Rs 6,650 per mensem, or Rs 79,800 per annum, but we do not take credit for any part of it in the Contract. The new grading can only be very gradually introduced, and part of it would affect the Contract with Assam. It may be worth while to point out that the change we recommend would affect the number, rather than the emoluments or the prospects, of the officers. The average pay of the 104 officers, of whom the sanctioned list now consists, is Rs 479 per mensem, that of the 87 officers whom we think sufficient for the duty would, by our scale, be Rs 496.

205 Five steam-launches are kept for the use of the Police (two in the 24-Parganas, and one each at Faridpur, Backergunge, and Dacca) at an aggregate cost of 14. The necessity of retaining these vessels seems to us questionable, especially at Dacca, where there is already a Government steamer kept for the use of the Commissioner and but little used. We think the Local Government might with advantage enquire whether the utility of these vessels is commensurate with the cost.

206 Some savings under the head of Police may be expected in Orissa, in consequence of the transfer of the Salt administration of that province to the Madras Salt Department. Both permanent and temporary Police establishments are now employed there in connection with the Salt revenue,—the permanent, at the salt outposts on the duty of preventing illicit manufacture and of checking the *rawanahs* which protect consignments of salt in transit, and as boat patrols on the rivers and on the Chilka Lake, and the temporary, to guard the salt-works (*aurangs*) during the manufacturing season.

207 The salt outposts are 37 in number, and are manned by 36 Head Constables and 180 Constables. The number of temporary hands engaged to guard the salt-works varies from year to year according to the number of licenses granted for the manufacture. The provision for the outposts and for the boat patrols is not separately shown in the estimates. That for the temporary Police amounts to Rs 24,395 in the Budget of 1886-87. The actual expenditure on this account is not likely, however, to approximate to this sum, as it will be reduced by the amount of the contributions made by the licensees (see paragraph 213).

208 So far as the Salt administration is concerned, no part of this force, permanent or temporary, will in future be required, for it is intended to dispense with the *rawanah* system and to entertain a departmental force to guard the works, to prevent illicit manufacture, and to patrol the rivers and the Chilka Lake. The outpost police attend, however, to the ordinary crime of the country, as well as to their Salt duties. There is but little ordinary crime along the Orissa coast, but in those localities where it is most considerable it may be necessary to retain some of the outposts to deal with it. The question of the strength which must be retained is still under discussion. It is believed that ten of the outposts will still be needed, but the Inspector General is not yet able to say what force of constables should be allotted to each. Some of the boat patrols may also still be required for ordinary Police work. We are unable, therefore, at present to estimate the saving on this account. It must be worked out later on and be taken into account in the

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final settlement of the new Contract The whole provision (R24,395) for temporary police can at once be retrenched

209 There appears to have been an over-estimate under the head of Travelling Allowance, but this will be corrected by the Revised Estimate

Travelling allowance

Revised Estimate

210 The Chittagong Frontier Police is a special semi-military force kept up on the borders of Lushai-land and is necessarily more costly than the ordinary Police, but, comparing it with the cost of the Assam Frontier Police, the figures suggest that there is room for some reduction The average pay of the latter force, taking officers and men together, is R128, and of the former R140, and, while the salaries of the Assam officers and men are 3,70 out of a total cost of 4,90, the auxiliary charges being only one-third of the pay of the force, in the Chittagong Police the salaries are 90 out of 2,25, the auxiliary charges being 150 per cent on the pay of the force There has been a considerable increase in 1886-87 on account of the creation of a coolie corps of two hundred men for transport purposes, but this will ultimately, it is thought, be compensated for by a reduction in the mule transport, and in the cost of road-making on which these men will be employed This increase is concealed in the Budget by a large estimate of "probable savings" which is not likely to be realised

The Chittagong Frontier Police

211 The principal item included in "Miscellaneous" is the Village Police, which costs 1,13 The corresponding receipts are placed at 1,00 The two figures should balance each other, as far as they refer to the payments to the Dighai and Ghatwali Police, which are recovered from the landowners, but besides these it appears that the salaries of ordinary village chaulkidars on some Government estates are included here, the Chaulkidar cess being amalgamated with the Revenue The other items under this head are State Railway Police, Cattle Pound Establishments, and the establishment for the inspection of steam boilers which is more than covered by fees

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212 Thus, though we recommend a large saving by the regarding of Police officers, the only reductions we take account of in the Contract are those of the Personal Assistant to the Inspector-General, 6, and of the Orissa temporary Salt Police, 24, total 30 These reductions, and that on account of the Orissa Salt outposts and boat patrols, the amount of which has still to be settled, will take effect on the Revised Estimate, which will probably exceed the Budget Estimate, as the subtraction on account of probable savings was unduly large under District Executive Police, as well as under the Chittagong Frontier Police

Total of savings recommended

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213 *Receipts* —The receipts consist chiefly of pound fees, and of clothing deductions, every Constable and Head Constable pays for his uniform (price about R7) and receives a grant of R1 from Government towards the expense The steam boiler inspection fees have already been referred to The Budget figure may be adopted We note that there appear from the accounts to be no

Recovery of cost of Salt Police

recoveries on account of the temporary Salt Police in Orissa, employed on guarding the salt-works

during the manufacturing season The rule is that, where the duty on the salt made is less than twenty times the cost of the establishment, the licensee has to pay the latter, and some collections are made under this rule It appears, how-

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Marine

ever, that the practice has been to credit these collections to Revenue deposits and to debit to the same head the payment of the temporary Police on account of which they were collected. The effect was to cause the actual cost of the temporary Salt Police to appear in the accounts at a much lower figure than in the Budget and to swell the amount of savings under the head of Police. The proper course would have been to show under Police both the collections, as receipts, and also the whole expenditure. If any collections are made in future, they will be made by the Madras Salt Department and be accounted for in the Madras accounts, in which they will be credited to Imperial, not to Provincial with other miscellaneous departmental receipts.

MARINE

214 The following are the figures —

	1883 84		1884 85		1885 86		1886-87, Budget	
	Expen- diture	Receipts	Expen- diture	Receipts	Expen- diture	Receipts	Expen- diture	Receipts
	₹	₹	₹	₹	₹	₹	₹	₹
<i>Pilotage—</i>								
Charges for Pilot Vessels	74		1,18		1,00		92	
Charges for Pilots	5,94	8,49	5,16	7,24	5,41	8,02	5,24	8,00
Purchase of Pilot Vessels	62							
<i>Vessels—</i>								
Undaunted	46		54		58		58	
Clytie	2		2		2		3	
Calcutta	2		3		2		3	
<i>Calcutta Establishments—</i>								
Port Officer	29		44		38		40	
Marine Court	3		3		7		3	
Shipping Office	22		22		20		22	
<i>Other Charges—</i>								
Subsidies			50		29		35	
Mooring line	14		14		14		14	
Contributions to Port Funds	6		12		7		5	
Other items	15	47	9	48	9	49	10	48
<i>Refunds</i>					2			
TOTAL	8,69	8,96	8,47	7,72	8,29	8,51	8,09	8,48
DEDUCT—Transferred to Civil Furlough Allow- ances							13	
NET TOTAL	8,69	8,96	8,47	7,72	8,29	8,51	7,96	8,48

[NOTE.—In the first part of the above statement the charges for building, repairs, victualling, stores and coal and salaries of establishment are distributed according to vessels.]

215 The mass of the receipts and payments are those in the second line

Pilotage They necessarily fluctuate greatly with the trade of the port of Calcutta. The net amount in the four years is 2,55, 2,08, 2,61, 2,76 (Budget). The amount of net receipts in the Budget seems to be large, that is, if 8,00 are to be received in the form of pilotage fees, it would seem likely that more than 5,24 will be paid to or on account of pilots.

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- 216 The differences between the successive years in the figures relating to the vessels are due mostly to larger or smaller amounts of repairs
- Vessels
- 217 No purchase has been made since the *Sarsuti* was purchased in 1882-83 and 1883-84. The Bengal Government are proposing a new purchase now, but nothing has been settled, and we do not provide for it in the Contract
- Pilot brigs
- 218 The steamer *Undaunted* seems to be fully employed, being the only sea-going steamer of the Indian Marine stationed in Calcutta. She is used for all sorts of services and was 107 days away from moorings last year. The *Clytie* is a small launch of 27 tons, which is used by the Lieutenant-Governor when on tour in the *Rhotas*. The *Rhotas* itself is borne upon the Imperial list of vessels. The *Calcutta* (now called the *Murel*), a steam-launch of 10 tons, is at the service of the Port Officer of Calcutta
- Steamers maintained
- 219 The subsidy provided for is that given for the steamer service between Dibrugarh and Dhubai, it amounts to 35 a year
- Subsidies
- 220 The salary of the officer at present occupying the appointment of Port Officer is Rs1,400, but it is proposed for the next incumbent to reduce it to Rs1,000. The establishment of this officer seems to us to be unnecessarily high. The three principal clerks draw Rs100, Rs160 and Rs100, and they have very little more than clerical work to do. Of recent years the Port Officer's work and responsibility have been much diminished by transfer to the Port Commissioners, and we understand that it is only by reason of some difficulties arising in dealing with the Pilot Service, that the office itself remains untransferred. We are informed that the office of Shipping Master was added to the Port Officer's duties in 1881, expressly on the ground that the Port Officer's time was not fully occupied. But as the real work of this office is done by the Deputy and Assistant Shipping Master, the Port Officer acting merely as a referee, we are justified in considering that the office continues to be a highly worked one
- Port Officer
- 221 The Government of Bengal are willing to reduce the cost of the Port Officer and establishment by Rs8,000, as the existing incumbents are understood to be on the eve of retirement
- Cost to be reduced
- 222 The charges shown under the head of Marine Court are mainly an allowance of Rs200 to the Chief Presidency Magistrate in consideration of his having occasionally to hold a Marine Court. As we understand that that officer is by no means hardly worked, and as the duties of the Marine Court are discharged during, not out of, ordinary office hours, we do not see why a separate allowance should be given in respect of them, and we propose to withdraw it
- Marine Court
- 223 The moorings hired in Calcutta were in 1881 reduced from 21 to 12. There are rarely more than one or two vacant, and they are often all occupied
- Hire of moorings
- 224 Balasore is the only port that is systematically in deficit, and a grant of Rs5,000 for it is provided in this year's Estimate. Steps are being taken under Act V of 1885 to
- Grants to Port Funds to make up deficits

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increase the port dues and to obviate the necessity for this grant. We do not provide for it, therefore, in the Contract. A contribution of about Rs1,860 per annum is charged under Marine towards the cost of the Chittagong Port establishment. We think the whole charge should be met from the Port Fund (*vide* paragraph 86), and therefore deduct 2 on this account.

225 Upon the whole account of this head we take the Budget Estimate of receipts, and 17 less than the Budget Estimate of expenditure. But, as above noted, we may have to alter the figures, if experience shows that the net revenue of 2,76 under Pilotage cannot be realised.

EDUCATION

226 *Expenditure* — The cost of this department has increased largely, as the figures below prove, since the beginning of the Contract, and the increase has extended to nearly every branch of the expenditure —

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87 Budget	Committee estimate
	R	R	R	R	R	R	R
Direction	55	58	68	88	53	55	55
Inspection	3,79	1,13	3,92	1,20	4,48	4,11	} 8,91
Government Colleges, General	3,95	1,11	4,28	1,10	3,83	1,12	
Ditto Special	1,08	99	1,05	1,09	97	1,04	
Government Schools, General	5,93	6,23	6,44	6,51	6,52	6,36	6,29
Ditto Special	1,27	1,27	1,16	1,59	1,60	1,67	1,67
Grants in aid	9,30	10,76	11,19	13,79	12,78	13,69	13,10
Scholarships	1,63	1,83	1,90	1,81	1,76	1,75	} 1,94
Miscellaneous	26	26	33	93	37	33	
TOTAL	27,76	30,16	31,55	31,00	32,81	33,92	32,46

227 The inspecting officers consist of six Inspectors (one for each of five circles and one for European schools), all in the superior graded list, and all but one Europeans, ten Assistant Inspectors (one for each of the nine divisions and one for the European schools), all in the subordinate graded service, 46 Deputy Inspectors (one for each district), mostly in the same service, with salaries ranging from Rs75 to Rs200, and 172 Sub-Inspectors at the rate of from two to ten to each district, with salaries ranging from Rs50 to Rs100. The principal work of the Sub-Inspectors is to inspect the Primary schools. The Deputy Inspector has general charge of all schools in the district except the High schools, the Inspectors and Assistant Inspectors visit these schools and all Secondary schools, and to some extent Primary schools also. There has been an increase since 1881-82 of Rs62,000 under this head. It is due to the appointment of an additional Inspector of a Circle, an Inspector and Assistant Inspector of European Schools, five Assistant Inspectors, one Deputy Inspector, and thirteen Sub-Inspectors, also the pay of the lowest grade of Sub-Inspectors has been raised from Rs30 to Rs50.

228 We think that inspection, in the higher grades, is rather overdone. It is true that the responsibilities of the Deputy Inspectors in the matter of grants-in-aid are large, but they are men of considerable position rising to Rs200 salary, and it ought to be possible to maintain an effective check over them without so many Inspectors and Assistants, the number of whom has risen in five years from nine to sixteen. Four Inspectors have each a circle containing two divisions, and have

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two Assistants under them. The fifth Inspector has one division, Rajshahye, and one Assistant. We believe that the Educational authorities admit that European Inspectors are unnecessarily expensive, and that the work can be done equally well by Natives, and we would recommend that the number of inspecting officers should be reduced to nine, one for each division, who should be all or mostly Natives, and mostly in the subordinate service, one or two posts being reserved in the superior grades to reward exceptional merit.

229 There are 75 European schools, of which the majority (46) and all the most important are in Calcutta and its suburbs. We think one Inspector without an Assistant ought to suffice for the Calcutta schools, and that the others, which are mostly small railway schools, can be visited by the Inspector of the circle, and the hill schools by the Director himself.

230 There are thirteen colleges, of which seven are first class, five are second class (teaching up to the First Arts standard only), and one is the Seebpoor Engineering College. The increase under this head since 1881-82 has been R17,000, of which R10,000 appertain to the first grade colleges, and are due to the introduction of new courses and standards in the University, necessitating the employment of additional lecturers, whose number has risen from six to fifteen. The rest of the increase is due to cataloguing the manuscripts of the Sanscrit College and to the purchase of physical science and chemical apparatus for the first grade colleges.

231 The question to be considered is, how far this large number of colleges ought to be maintained. We understand that the Government has already decided that two of the second grade colleges, Midnapore and Berhampore, shall be closed or made over as Aided Institutions from 1st April next, that the Chittagong College shall be treated in the same way shortly, and the Rajshahye and Krishnagarh Colleges as soon as any local bodies can be found to give satisfactory guarantees for their maintenance. This, it may be noted, is in strict accordance with the recommendation of the Education Commission, Chapter VIII, paragraph 543.

232 The Director of Public Instruction informs us that in his opinion only four colleges need be kept up—the Presidency, Dacca, Patna, and Cuttack. We think that the Government might even go further and decide that a Government college is not needed at Dacca, where an unaided private institution already exists and flourishes. The students at Hooghly might be required to go to the Presidency College, while the Calcutta Madrasah (which has only fifteen pupils who cost the State R933 apiece), and the Sanscrit college (so far as regards its English teaching for the First Arts examination) might be amalgamated with the Presidency College. The average annual cost per head of a student in a Government college is now R269, in an Aided college it is R30. The reduction of the number of Government colleges and the closing of outlying colleges or the substitution for them of Aided Institutions would obviously produce a considerable economy.

233 The existence, however, of the permanent staff entertained in the graded services makes it difficult to carry out economies of this kind rapidly. The officers em-

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ployed in the colleges will have to be absorbed before the State can receive any relief, and indeed it is possible that the closing of a college may be a source of increased expenditure to the Government, if it has to pay the salaries of the staff, on the one hand, and loses the fees hitherto collected on the other. The figures in the margin show the net cost of the Arts Colleges to Government in 1884-85 (see paragraph 41 of the Departmental Administration Report). Midnapore will be taken over by the Municipality with its existing staff, the net cost to Government has been Rs1,000, and a grant of about that sum will have to be made under the rules, so that the change will involve no reduction of expenditure.

Beihampore will probably be closed, it has cost Rs12,000 net, but Government will have to pay the salaries of the Principal and two Professors till they are absorbed elsewhere, these amount to about Rs1,000 a month, and the only gains will be the saving of contingent expenditure, about Rs1,000, and the cessation of charges for repairs.

234 It follows from these considerations that the chief or only reduction of expenditure under the heads of Inspection and Colleges will be obtained by reducing the numbers of the graded services. The superior service consists of 41 officers, who are, at the time of writing, thus distributed: Director 1, Inspectors 5, Principals 9, Professors 18, Furlough 5, lent to other Governments 3. If the requirements of the service are fixed, as we recommend, on the scale shown in the margin, the number would be reduced to 21. In the last five years there have been about two vacancies a year, and at this rate it would take ten years to absorb the necessary number. Similarly, in the subordinate graded service, there are in the colleges we propose to reduce 21 (a) Professors, who will have to be absorbed. If the colleges are taken over with their staff by the Municipalities or by Local Committees, it will simplify the process, otherwise the absorption will take some time. During the last five years there have been about twelve vacancies annually, so that the 21 posts can be absorbed in two years, including vacancies in the lower grades, and the reduction can be carried up to the higher grades in about five years.

235 We may therefore assume that the superior service will be diminished by two posts every year, and if the service is not regraded, but keeps the same number of posts in the higher grades as now, the reductions will all be in the fourth or lowest grade—Rs500 to Rs750. There will therefore be a saving of Rs12,000 in the first year, Rs24,000 in the second, and so on up to Rs60,000 in the fifth. We take for the Contract the average reduction of Rs36,000. In the subordinate grade there will be a reduction of twelve places in the first year and of 21 in the second, it is difficult to say in what grades those reductions will occur, but it seems fair to assume that they will be in the fourth grade, and that the reduction will reach $21 \times 150 \times 12$, or Rs37,800, in the second year of the Contract. For the whole term of the Contract we assume a reduction of 30.

236 The Law schools are self-supporting, but the Civil Engineering College at Seebpore is very far from being so, the total cost being 69, out of which Government pays 63, the

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pupils' fees and other items amounting only to 6 In the School of Art also the fees amount only to 3 out of 22, and the cost to Government per head in these two institutions is Rs306 and Rs115 respectively Efforts should, we think, be made to induce the payment of larger fees and to reduce the scholarships and stipends to what is absolutely necessary, we hear of some unusually large scholarships in the Engineering College

237. The High schools are 52 in number We learn that the Government propose to transform them into Aided schools by degrees, beginning with sixteen at first But as Government only gives a net grant to these schools and does not wholly support them, there will be little saving by the transfer, the grant-in-aid being equal to the present "net grant," though there will be some economy in regard to repairs and pensions The net grants now given will be subject to reconsideration every year, and we are informed by the Director that a reduction has been decided on, as in the margin, for next year We may take credit therefore in the Contract for a saving of 7

Collegiate and High schools		
	Present grant R	Proposed grant R
10 Collegiate and Branch schools	39,850	36,270
37 Zilla High schools	75,688	71,760
	1,15,438	1,08,030

238 We have examined the expenditure in the other Government schools, and have no suggestion to make regarding it

Other schools

239 The grants-in-aid have increased more rapidly than any other part of the expenditure They have been as follows —

Grants-in-aid

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87 (Budget)
	R	R	R	R	R	R
Primary and Hill Schools	4,89	6,01	6,51	7,94	7,32	7,72
Secondary Education	4,26	4,53	4,88	5,81	5,08	5,41
Buildings and Furniture				1	38	89
Special Grants to Private Schools	15	22	9			
Deduct Probable Savings						—33
	9,30	10,76	11,44	13,79	12,78	13,69

240 We understand the general policy of the Government of India to be that Primary education has the first claim on the State, and that, though Secondary education has also a claim, it ought, if possible, to be paid for, at any rate to a large extent, by those who profit by it, and Government should gradually recede from its support We do not recommend any interference with the amount of the grant to Primary schools (the question of its distribution is a matter

GRANTS IN-AID		1881-82		1885-86	
	No	Amt R	No	Amt R	
Secondary Education					
Colleges	5	21,540	6	24,217	
European Schools—					
High English	3	7,510	7	15,786	
Middle English	10	13,201	32	62,251	
Primary	6	2,809	17	10,427	
Native Schools—					
High English	101	68,064	130	73,036	
Middle English	468	1,21,332	547	1,36,599	
Middle Vernacular	791	1,04,507	857	1,15,225	
		3,38,993		4,38,441	

of administration), but the grant to Secondary schools should, if it is at all excessive, be reduced But when we examine the details of this grant, we find there is little room for retrenchment The principal sub-heads are shown in the margin, and it is clear that the increase in the case of Native colleges and schools is due to the growth of the number of the institutions rather than to more liberal grants, while the main increase is attributable to the settled policy of the Government of India as regards the teaching of poor Europeans We do not think the figure for the future Contract can be placed lower than that of the present year

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241 As to building grants, they are chiefly made to European schools in consequence of the effort connected with Archdeacon Baly's name, and the construction of such new schools will not go on much longer. The Director, Public Instruction, states that he requires 40 for the next three years and 10 for the two succeeding years, we place the figure at 30 for the period of the Contract. This reduces the entire provision for grants-in-aid by 59.

242 There are some minor reductions to propose. The Government has decided to stop (at least for a time) the sending of scholars to Cirencester. The Budget contains a grant of Rs2,000 for their passage and outfit, which need not be repeated, and of Rs10,000 for their scholarships at £200 a year to each, the number now in England being 5. Of these, two will return in 1887-88, one in 1888-89, and two in 1889-90, so the grant required will be 10, 6, and 4 for these three years, and afterwards nothing, which gives on the average of five years a saving of 6. A similar sum of Rs1,000 is provided for passage and outfit of the Gilchrist scholars, and this may now cease. The *Education Gazette* costs Rs3,600, and the Director agrees that it need not be kept up. Since our conference, however, with His Honour the Lieutenant-Governor, we have learned that the Government of Bengal has already proposed to discontinue this grant, and that the Government of India (Home Department No 364, dated October 2nd, 1886) has requested that the question may be postponed for a year. The reduction might, however, come into effect on the 1st of April next. There is a grant of Rs3,000 for the purchase of Urrya books, which may be reduced to 1. Thus the total saving under this paragraph will be $2+6+1+3+2=14$.

243 *Receipts*—The Receipts are composed almost entirely of fees, and though we learn that some increase is expected, there will be no large and general rise, and the fees from colleges will decrease, if Government retains only three of them under its own control. We therefore leave the Budget figures 5,56 unaltered.

MEDICAL

244 The Medical expenditure and receipts are as follows—

	1884 85	1885 86	Budget, 1886 87,	Committee's Estimate
<i>Expenditure—</i>				
Establishment	4,99	4,62	4,92 (a)	4,70
Hospitals (including Lock Hospitals)	3,82	3,94	3,73	3,73
Medical College and Schools	2,36	2,34	2,43	2,43
Sanitary Commissioner	40	41	38	38
Vaccination	1,34	1,43	1,37	1,37
Grants	48	46	50	50
Lunatic Asylums	1,14	1,13	1,10	1,10
Chemical Examiner	3	5	5	5
Refunds			2	
TOTAL	14,56	14,38	14,50	14,26
<i>Receipts—</i>				
Fees	20	23	20	1,41
Hospital Receipts	64	64	56	
Lunatic Asylums	30	26	31	
Contributions	30	30	30	
Miscellaneous	4	3	4	
TOTAL	1,48	1,46	1,41	1,41

(a) Deducting 5 transferred to furlough

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245 *Expenditure*—The Superior Medical Establishment of the Bengal Presidency is thus composed —

Establishment	
<i>Inspector General of Civil Hospitals and Sanitary Commissioner</i>	2
<i>Calcutta Medical Staff</i>	14
<i>Deputy Sanitary Commissioners (a)</i>	3
<i>Assistant Opium Agents</i>	2
<i>Inspector General of Prisons</i>	1
<i>Superintendent, Botanical Gardens</i>	1
<i>District Surgeons (Commissioned)</i>	32
<i>District Surgeons (Uncommissioned)</i>	11
<i>Port Health Officer, Calcutta, Civil Surgeons, Serampore and Goalundo, and Northern Bengal State Railway</i>	4
	70
	TOTAL

(a) Besides four who are Assistant Surgeons

246 The officers, whose designations are printed in italics, are charged under Medical Establishment, the other appointments come under other heads

247 One other Civil Surgeonery, Jalpaiguri, is provided for by an allowance given to the Military Medical Officer stationed there

248 As regards the first two appointments, we have to recommend in Bengal, as we have done in other provinces, the amalgamation of the offices of Inspector General and of Sanitary Commissioner proposed

The former officer informs us that he does not, as a matter of fact, undertake the inspection of hospitals, so that his work in connexion with them is confined to what can be done from a central office. In regard to this it must be remembered that the transfer of many of the hospitals to Local and Municipal management has necessarily considerably diminished the office work involved, so far at least as relates to control of expenditure. The control of the *personnel* is also a matter that can hardly occupy much

of the time of the Inspector-General. We cannot see what difficulty the Sanitary Commissioner would have in adding to his own work all that the Inspector-General does. His own work is reckoned under the three heads of Sanitation, Vaccination, and Mortality Statistics. Of these the latter is admittedly mere compilation work for elemental establishments, and for half the year, while the Sanitary Commissioner is at Darjeeling, it goes on in Calcutta without his personal direction. In the Vaccination Department, the inspection and testing of operations is done by Inspectors and Deputy Sanitary Commissioners, and the Sanitary Commissioner himself merely receives the reports, and exercises general control. The principal duty, that falls on the Sanitary Commissioner personally, is that, during the cold weather, he visits as many as convenient of the towns and Municipalities, recording his advice and suggestions, so that the Magistrates and Commissioners may bring them before the Municipalities. Important as this work is, it is not so engrossing as not to leave time for the inspection of hospitals and for examination into their efficiency, and as it is mainly carried on in the very places where these institutions exist, the nature of the work affords a strong argument of itself in favour of the formal combination of the Inspector-General's duties with those of the Sanitary Commissioner. It certainly appears to us that, for at least six months of the year, even the combined duties of the two offices hardly afford sufficient employment for one man.

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249 The Government of Bengal inform us that they are prepared to accept our proposal in this matter, provided that (1) the combined officer be appointed by, and be subordinate to, the Government of Bengal, and (2) he be allowed a Deputy from among the Commissioned staff. The last condition can be complied with, as will presently be explained, without more cost than is involved in the appointment of a new Assistant Surgeon, or rather, as the Government has already a large number of supernumerary Assistant Surgeons, without any extra cost at all (*vide* paragraph 282). The first condition has reference to the existing system under which the appointment of Inspector General of Civil Hospitals in Bengal is treated as a step in rank given by the Government of India to an officer of the general Medical Staff, who may even have no previous acquaintance whatever with the province. We do not know what the necessity is for thus dealing with the appointment, but it is obviously desirable that if the Bengal Government is to have only one adviser in medical matters, instead of two as at present, that one should be of its own selection, and in its confidence.

250 The Medical Staff in Calcutta is composed of ten officers attached to the Medical College and the College Hospital, of three Surgeons attached to the General Hospital (and charged under Hospitals and Dispensaries), and of one for the Sealdah Hospital and Medical School. The list of the first ten is as follows —

No	Professorships in Medical College	College and other Hospital duties	Other duties
1	Medicine	Principal and first Physician	Presidency Surgeon Inland Emigration (a) and Customs Preventive Service
2	Surgery	First Surgeon	
3	Materia Medica and Clinical Medicine	Second Physician	
4	Anatomy	Second Surgeon	Presidency Surgeon Chemical Examiner
5	Midwifery	Eden Hospital	
6	Chemistry		
7	Pathology	Resident Physician	Port Commissioners and Mayo Hospital (b) and Marine Surgeon
8	Physiology	<i>Nil</i>	
9	Ophthalmic		
10	<i>Nil</i>	Resident Surgeon	

(a) Paid by a local allowance

(b) Both reckoned as private practice

251 For reasons which have been given in our remarks on Bombay (*vide* Chapter VI, paragraph 128, page 146), it is not possible to avoid employing a large number of medical men as Professors, and to judge from the allotment of duties in the other presidencies, a Professorship with an attached Hospital duty, or with an attached District Surgeoncy, is the ordinary work of one individual, apart from minor duties. District Surgeoncies are not assigned in Calcutta, as in Madras and Bombay, as the distances to be traversed are not so great as in those cities, but the Professors, except No 6 and No 7, distribute the district work among them. The Professors of Chemistry, of Ophthalmic Surgery and of Physiology are the only officers who have not specially assigned duties in a Government hospital, and therefore the difference between the medical staff of the college in Bengal and that of those in Madras and Bombay is mainly this, that in the

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latter places Hospital duties and District duties are divided between different officers, while in Calcutta about the same number of men cover the same ground, but do not make the distinction between the two classes of duties

252 One possibility of a reduction in the staff lies in the consideration whether the two Professors of Physiology and Ophthalmic Surgery (who, as already mentioned, have not, like the rest, specific Hospital duties) could not be charged with part of those connected with the General Hospital, where there is a Surgeon Superintendent, and two Resident Surgeons, but this last institution is a very important one, and is so distant from the Medical College and its Hospital that it seems necessary (as in the case of Bombay, where however the Hospital is much smaller) to provide it with a special staff, and not merely treat it as an additional duty

253 Another method of retrenchment lies in the substitution of independent practitioners, receiving grants from Government for such official duties as they perform, but relying on private practice for the bulk of their income, for Commissioned Medical Officers in permanent employment. The Government is bound to supply medical advice and treatment for its officers, and in small stations this can only be done by entertaining Civil Surgeons in its permanent service but at great centres like Calcutta independent men would readily set up for themselves if they were not deterred from doing so by the fear of a competition on unequal terms, and if they could rely on a moderate grant-in-aid as remuneration for their attendance on Government servants, and on obtaining the allowances suitable to Medical Professorships

254 It should be noted that, according to the orders of 1867, which regulate the existing distribution of appointments, the second duty of the Professor of Ophthalmic Surgery was that of Marine Surgeon, but now that the port has been transferred to the management of the Port Commissioners, this duty, as a Government duty, means nothing more than medical attendance on members of the Pilot Service, and though the same officer performs also the remaining duties of the Marine Surgeon, he gets an allowance of Rs300 from the Port Commissioners in respect of them

255 The Superintendent of the Sealdah Hospital holds an appointment of a peculiar nature. The highest appointment among the Professorships carries an allowance of Rs50, Rs1,050, or Rs1,250 only, according to standing, and it is expressly laid down that minor Professorships are not to be added to any officer's allowances, so as to increase the total above the pay of a full Professorship. The Superintendent of the Sealdah Hospital has, however, no special salary assigned him, but has a group of appointments separately paid, namely, Hospital Superintendent Rs300, Police Surgeon Rs300, Coroner's Surgeon Rs500, Superintendent, Lock Hospitals, Rs300, Superintendent, Medical School, Rs250, total Rs1,650. It would be better to pay a single salary for the combined duties, the charge of the Medical School perhaps being provided for as in the other similar cases by an additional allowance. We have recommended elsewhere (see paragraph 159) that the remuneration allowed to the Coroner's Surgeon shall be reduced to Rs200 per mensem

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256 For the last three items in the list of the Medical Staff given in paragraph 245 we have (excluding the Northern Bengal Uncovenanted Civil Surgeons in the Mofussil Railway appointment, which is not in the Civil Estimates) forty-six officers required, of whom fourteen may be Uncovenanted. The Estimates provided thirty-seven Commissioned and nine Uncovenanted officers, but as some of the former have been called away for field duty in Burma, the number of Uncovenanted is now nearer, if not up to, the maximum. The Lieutenant-Governor is willing to employ the full number continually if it suits the arrangements of the Government of India that he should do so.

257 One of the Civil Surgeons, namely, the Civil Surgeon of the 24-Pergunnahs, has an Assistant. We learn that this officer is permitted to undertake private practice, and we hold, as we have held in other provinces, that a Civil Surgeon who is relieved of part of his own duties, so that he is able to undertake private work which is profitable to himself, should not be allowed to throw upon Government the cost of that relief. The charge to Government seems all the more unnecessary in this case, as the Civil Surgeon in question, while having an Assistant, paid by Government, for his ordinary duties, himself gets a special allowance of Rs300 for certain extra duties connected with emigration (*vide* paragraph 293).

258 It is convenient here to notice the special allowances given to the medical officers attending colleges, of Rs100 if Surgeons, or of Rs50 if Assistant Surgeons. Regarding these we have the same remark to make as in other provinces, that the attendance upon the gazetted staff is part of the ordinary duties of the medical officers of districts, and that as regards students there is no reason why Government should make any special arrangements for their medical care more than for that of any other members of the general public, and we doubt whether as a matter of fact they largely avail themselves of the services of the medical officers. The Government of Bengal have, as we understand, relieved Civil Surgeons of the duties in respect of which the allowances were given, and the rule now practically applies to Assistant Surgeons only.

259 We make some remarks further on on the subject of the allowance of Rs250 in three cases and of Rs150 in one case for the charge of Medical schools. Two of the officers concerned have a large number of cumulative allowances. (See paragraph 278.)

260 The establishment charges included under "Medical Establishment" are (1) the office of the Inspector-General, (2) 14 clerks and 45 peons for the Civil Surgeons of districts, (3) one Hospital Assistant at Darrailing, and four Compounders employed at the civil stations of Dacca, Hooghly, Moorshedabad, and Patna.

261 With respect to the last, we have not been informed why it is found necessary to make arrangements there different from those in force at other stations. The local hospitals, which are supported by Municipalities, ought to suffice at these four stations as well as at all others.

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262 As regards the office establishment of the Inspector-General, it seems to us to be on a much higher scale than, judging from the corresponding establishments in other Provinces, is at all necessary. Besides a Personal Assistant on R250—400, there is one clerk on R150—200, two clerks on R100—150, three clerks on R75—100, and ten clerks on lower salaries, giving on the whole an annual cost of R17,000. The corresponding officer in the North-Western Provinces has an establishment costing only R7,000, the Madras office (if we omit the Secretary whose work corresponds to nothing in Bengal) costs a little over R8,000.

263 We understand that the Government of Bengal have instructed a special officer to enquire regarding the work done by these establishments, and we therefore leave the subject for their disposal.

264 The amount of the charge under Medical Establishment depends upon the rank of the officers and upon the number who happen to be on leave. There has been little alteration in the whole number charged, and the expenditure since 1882-83 has been 4,61½, 4,65½, 4,90 (of this excess 13 comes under the single salary of the Inspector General of Civil Hospitals, and was exceptional), and 4,62. The Budget provides 4,97. This is not likely to be worked up to, first, because it appears in itself to be too high an estimate, and, secondly, because the detachment of some officers to Military duty in Burma and elsewhere is likely to make the actuals of 1886-87 lower than the average. We may take 4,70 pending consideration of the Revised Estimate. It is possible, we think, that the actuals of 1886-87 may be as low as 4,50 from the causes we have mentioned. In that case, the Revised would probably not be a safe index of future requirements.

265 The following figures show the Hospital and Dispensary charges distributed between Calcutta and the Mofussil, the Howrah and Sealdah Hospitals being reckoned as belonging to the former —

	1881-82	1882-83	1883-84	1884-85	1885-86
<i>Calcutta—</i>	R	R	R	R	R
Salaries	83	73	84	85	86
Establishment	65	66	65	67	69
Supplies	1,00	1,15	1,04	} 1,51 {	1,35
Contingencies	18	12	18		20
TOTAL	2,66	2,66	2,71	3,03	3,10
<i>Mofussil—</i>					
Salaries	71	39	36	35	35
Establishment	42	19	15	21	38
Allowances	2	6	5	5	5
Supplies	4	3	4	} 18 {	1
Contingencies	16	14	12		7
TOTAL	1,35	81	72	79	54

N B—Salaries include Medical Officers and Assistant Surgeons. Hospital Assistants come under Establishment.

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The Calcutta Hospitals 266 The Calcutta Hospitals are the following —

General Hospital —For Europeans, supported by Government, which assigns to it a Surgeon Superintendent and two Resident Surgeons. It has the greater part of an income of 64 from paying patients, of which half is received, on account of sailors, out of dues on shipping.

Medical College Hospital and Eden Lyng-in Hospital —In connection with the Medical College.

Scaldah Hospital —The Calcutta Municipality contributes Rs30,000 to this hospital, being about half its cost.

Howrah Hospital and Mayo Native Hospital —These hospitals are largely supported by endowments and subscriptions, but Government gives them grants of Rs37,000 and Rs4,400 respectively (see under "Grants for Medical Purposes," paragraphs 283 and 284) and the Howrah Municipality gives Rs2,600 to the Howrah Hospital.

267 The cost of the Calcutta hospitals has been steadily increasing, almost the whole of the increase being under the head of Supplies, that is, mostly diet and medicines.

The attention of the Local Government should be drawn to this. It might be advisable to institute an enquiry into the causes of this increase.

268 Under Mofussil hospitals, the cost decreased in 1882-83 by Rs50,000 or Rs60,000 under the arrangements by which the Government took over Police charges from the Municipalities and handed over to them the Hospital charges. And from figures given us by the Government it appears that Municipal and Local expenditure upon hospitals and dispensaries has increased by the same amount of Rs50,000 or Rs60,000.

269 The number of hospitals and dispensaries in the Mofussil, on 30th December 1885, was as follows —

5 entirely supported from private sources
228 receiving aid to various extents

270 The figures above shown as charged to Government for hospitals and dispensaries include charges which really lie outside, although they are connected with, those institutions.

271 The Government has a very large number of supernumerary Assistant Surgeons and Hospital Assistants on its staff. The last return we have shows 23 of the former, costing Rs28,800 and 69 of the latter costing Rs10,740. These men it distributes to the hospitals and dispensaries in Calcutta and in the Mofussil, and although they are charged in the accounts under Hospitals and Dispensaries, they are not dealt with as dispensary charges for the purpose of the dispensary rules, that is, their support is not contributed to by the Managers of the dispensaries.

272 In the second place, there are a number of Hospital Assistants attached to sub-divisions, who are also placed in charge of the dispensaries with a small additional allowance, and in these cases the additional charge only is reckoned as incurred in the dispensary, though the whole amount is charged under this head.

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273 Thus, although the Government accounts show that R70,000 or R80,000 are spent upon hospitals and dispensaries, the Hospital Report gives the following as the accounts of these institutions, for 1885 —

	R
Paid by Government	18,659
„ Local or other Funds	1,18,685
„ Municipal Funds	1,13,574
Investments	30,890
Subscriptions	1,23,057
TOTAL	4,34,865

Whether we take the full R84,000 shown by the Government accounts, or the smaller amount shown in the dispensary accounts, the amount contributed by Government is fairly met by contributions from other sources. The contrast in this respect between the Mofussil and the Metropolitan institutions is very marked.

274 Economy can be sought for in the expenditure under this head only by reducing the establishment of Assistant Surgeons and Hospital Assistants, which Government has on its hands, coming down from a time when qualified officers of this class had a claim to enter Government service at once. One measure, that will be effectual to this end, has recently been sanctioned, namely, that Government may in certain cases encourage the employment of its supernumeraries in preference to other candidates by contributing towards their allowances. It might be found possible also to reduce the heavy and increasing miscellaneous expenditure in the Calcutta hospitals.

275 We have already dealt with the question of the staff of Professors at the Medical College in Calcutta. We have only to remark further that the fees paid by the students are on a very low scale as compared with Bombay and Madras, as may be seen from the following statement of their amount —

Bombay,	R120 a year
Madras,	R105 to R155 „
Bengal,	R60 „

As the medical profession has been largely adopted by Natives of Bengal as a paying profession, it seems advisable that they should contribute a little more towards the heavy expenditure upon the college, and there is no sufficient reason why they should pay only half of what the students are charged in the other presidencies. The amount paid by the 132 students (the number on 31st March 1885), supposing all paid at full rates, is only eight months' salary of one of the ten Professors, to say nothing of the rest of the staff and of the other expenditure.

276 There are four Medical schools,—Sealdah, Dacca, Patna and Cuttack—where the instruction is given in the vernacular, and the licentiates are of the vernacular class. We think that the fees at Calcutta and Dacca may well be raised above the present standard of R3 a month, and that such an increase as may be found practicable should be enforced at Cuttack and Patna.

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277 Small as the income from fees is, even that small amount is to a large extent illusory, for while the fee income from all sources is only ₹20,000, there are given to the students stipends amounting to ₹10,000 and prizes amounting to ₹1,000

278 We observe that the four medical officers who have charge of the Medical schools (the Civil Surgeons of Dacca, Cuttack and Patna, and the Superintendent, Seal-dah Hospital) get allowances, in three cases of ₹250, and in the Cuttack case of ₹150, for charge of the schools. We are given to understand that in two cases, if not in three, the medical officers in charge are unable to lecture in the vernacular in which the instruction is entirely carried on. If that is the case, we think that their general charge of the institutions is far too highly paid. The Civil Surgeon of Dacca has, in fact, four charges besides his Civil Surgeoncy, namely, Mitford Hospital ₹200, Medical School ₹250, Jail ₹100, Lunatic Asylum ₹250, and as the Civil Surgeoncy is otherwise one of the heaviest in Bengal, and involves a good deal of private practice, we do not see how the officer who holds all these appointments can give them sufficient attention to justify the high allowances.

279 We recommend that the allowance for charge of a Medical school be reduced to ₹100, unless the Civil Surgeon in charge undertakes a definite share in the vernacular instruction given.

280 For vaccination purposes Bengal is divided into seven circles (excluding Calcutta which is a circle by itself, and where the work is at the charge of the Corporation), and for the oversight of these seven circles there are seven Superintendents (who are also Deputy Sanitary Commissioners) and ten Deputy Superintendents, of whom three are Commissioned Medical Officers and fourteen Assistant Surgeons. The duties of the seventeen men are very similar. They have under them, on the average, each—

- 15 Vaccinators, working under 1½ Head Vaccinator, and
- 63 Licensed Vaccinators, working under 5 Inspectors

Municipalities keep up their own vaccinators, who are supervised by the Local Medical Officer (Civil Surgeon or Dispensary Officer), not by the Superintendent or Deputy Superintendent.

281 The Superintendents and Deputy Superintendents, besides their work connected with vaccination, have also to report generally upon the sanitary condition of their districts, and they ought, according to the prescribed system, to be out in camp from November 1st till March of each year—a requirement which is fairly acted up to.

282 The employment of Commissioned Officers as Superintendents of Vaccination (and Deputy Sanitary Commissioners, thus appointment being combined with the Superintendencies) is obviously not required, except perhaps in one case, by the nature of the duties involved, for, out of the whole number of seven men employed on the same duties, four are Assistant Surgeons and three are Commissioned Officers, who cost three or four times as much as Assistant Surgeons. It would seem preferable to employ Assistant Surgeons only in all the appoint-

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ments Before this change can be made, however, the number of Commissioned Surgeons which the province is bound to keep on must be reduced We recommend that this should be done, and that allowance be made for it in the Contract We have noted above that, if the Sanitary Commissionership and the Inspector Generalship of Civil Hospitals are combined in one officer, it may be necessary to give the combined officer a Commissioned Officer as Deputy This Deputy can be provided from the list of existing Circle Deputies, by the substitution in the latter appointment of an Assistant Surgeon

283 Nearly the whole of the expenditure under the head of grants for Medical purposes is accounted for by two items—a grant of R37,366 to the Mayo Hospital in Calcutta, and another of R4,400 to the Howrah Hospital,—both of which have been noted under “Hospitals” The remaining expenditure is mostly expenditure on epidemics

284 With reference to the first of these grants it is right to note that the Governors of the Mayo Hospital give an allowance of R525 a month to their Superintendent, who is one of the Calcutta Medical staff,—is in fact the Professor of Ophthalmic Surgery, referred to in para 251 as having no specially assigned Government Hospital duties If the Mayo Hospital were a Government Hospital, the arrangements made in respect of other medical duties show that the Ophthalmic Professorship and the Superintendency of the Hospital would not be allowed for at so high a figure as the salary of a full Professorship *plus* R525, but would be, at the scale of the Sealdah Hospital, R300 As the large allowance given by Government to the Mayo Hospital has the practical effect of enabling the Governors to fix upon Government the stipend of the Superintendent at this high rate, it seems possible that arrangements may be made to reduce the cost in future by R2,700

285 There are five Lunatic Asylums, besides the European Asylum at Bhowanipore They are all fairly full, and there is therefore at present no question of the possibility of reducing their number The cost of diet and clothing is, in the asylums at Berhampore, Patna and Dacca, R33 to R37 a head, at Dullunda we note that it is half as high again, R51

286 As the Chemical Examiner’s salary is charged under Medical College, the 5 provided under this sub-head is only on account of two assistants’ salaries (R2,760) and some miscellaneous expenditure

287 *Receipts* —The first head of receipts, College and School Fees, has been dealt with in connection with the Medical College

288 The hospital receipts are almost all realised in Calcutta About half the amount is a charge of a rupee a day for seamen admitted to the General and the Howrah Hospitals, and realised out of dues on the shipping in the port, the other half is paid by other patients

289 The 30 under “Contributions” is the fixed sum of 30 paid by the Calcutta Municipality towards the Sealdah Hospital

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Scientific and Minor Departments

SCIENTIFIC AND MINOR DEPARTMENTS

290 The expenditure and receipts classified under the chief sub-heads of "Scientific and other Minor Departments" have been as follows (the figures in brackets indicate the receipts) —

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87 Budget	Committee's Estimate
1 Exploration of Coal and Minerals	R 5	R 12	R	R	R	R	R
2 Bull and Stallion Charges	6	4	3	2 (1)			
3 Census	1,77	30	3	2	2	2	2
4 Registration, Railway Traffic	1	1	1	1	2	1	1
5 Ditto River borne Traffic	16	17	17	16	14	19	17
6 Provincial Statistics	.			2	20	21	4
7 Examinations				2 (1)	3 (2)	2 (1)	2 (1)
8 Agricultural Department es- tablishment				4	45	12	12
9 Model Farms				3		12	12
10 Veterinary College						25	
11 Economic Museum	17	18	15	13	13	10	13
12 Donations to Scientific Societies	9	8	8	8	13	12	12
13 Cinchona Plantations	1,11	1,04	1,60	1,15 (1,23)	1,04 (95)	1,08 (1,16)	1,08 (1,16)
14 Exhibitions and Fairs	26	11	60	55 (1)	47 (8)	4 (1)	4 (1)
15 Botanical Gardens	1,10	1,17	1,07	1,04 (2)	1,03 (2)	1,00 (3)	1,00 (3)
16 Provincial Emigration	23	28	23	24 (27)	23 (11)	24 (25)	20 (25)
17 Miscellaneous	2		1	(1)			23
TOTAL	5,03	3,50	3,98	3,51 (1,56)	3,89 (1,18)	3,52 (1,46)	3,30 (1,46)

291 *Expenditure* — The figure shown against "River-borne Traffic" (item 5) is stated to be an over-estimate and 17 is said to be all that is required

Trade Registration

292 "Provincial Statistics" (item 6) represent a special expenditure on Ethnological enquiries conducted by Mr Rasley, which are not expected to continue beyond next

Provincial Statistics

year We therefore provide for it in the Contract only one-fifth of the sum required, or 4 for each of the five years The Agricultural Department will in future be shown under

Agricultural Department

Land Revenue, where the salaries of the Director and his two Assistants are already shown The figures in the above table (items 8 and 9) represent the salaries of the establishment and contingencies, and a grant for experiments in agriculture which has not as yet been utilised As already stated (paragraph 24), we do not recommend the reduction of this department and have made

Veterinary College

Economic Museum

provision for the continuance of these charges The Veterinary College has not been started and the proposal to establish it has been abandoned The Economic Museum (item 11) has recently been amalgamated to a certain extent with the Indian Museum, and the establishment revised at a slightly increased cost we provide 13 for this sub-head

Cinchona Plantations

The Cinchona Plantations near Darjeeling more than cover their expenditure The Superintendent, Dr King, informs us that he thinks the Budget figures of the present year may be accepted as a safe estimate for future years The sale of febrifuge has been falling off, but it is believed that a method of preparing sulphate of quinine has been discovered, which will bring in a large profit, even at the present low price of the bark

293 The expenditure under Exhibitions and Fairs has been swelled by the

Exhibitions and Fairs

Botanical and Zoological Gardens

Calcutta and London Exhibitions, but no provision need be made in the future Contract for any such exceptional outlay Under Botanical Gardens (item

The Future Provincial Contract with Bengal

Superannuation Allowances and Pensions

15) are shown the Botanical Gardens at Calcutta (70) and Darjeeling (85) and three giants, one of which is a giant of 20 for the Zoological Garden, Calcutta. We think the latter expenditure might be reduced and replaced by larger contributions from the Municipality or the Public, but we do not propose any reduction on this account in the Contract, as the Local Government, though agreeing with us, does not think it possible to obtain such contributions. Provincial emigration, or the cost of supervising the

Emigration

emigration to the colonies, is supposed to be covered by fees, but the fees have of late shown signs of falling off. There is a Protector of Emigrants, a medical man, with a Personal Assistant, three-fifths of whose salary is charged to this head, and two-fifths to Inland Emigration. Besides this, an allowance of Rs300 on account of Medical Inspection is given to the Civil Surgeon of the 24-Pargunnahs (*vide* paragraph 257). We think this might be retrenched and the whole of the work be done by the Protector, but as the cost of the establishment is intended to be met by the emigration fees, the suggestion need not perhaps be insisted on, if the colonial authorities prefer to have two separate officers to take up the two departments, into which the work is divided. Inland emigration (to Assam) is a Local charge and is not

Donations to Scientific Societies

included in the Provincial figures. The donations to Scientific Societies (item 12) consist of a fixed grant of 6 to the Asiatic Society, and of a grant to the Agricultural Society, which has recently risen from 2 to 6. In neither of these do we propose any change.

294 The total of our provisions amounts to an obligatory expenditure of

Margin provided

3,07. But, as unexpected demands for expenditure always arise, and the average of past years is about 3,50, we think it better to provide an additional 23, making a total of 3,30. This will provide a margin for meeting the charge for Ethnological enquiries in the first year of the Contract and any unforeseen charges in after years.

295 *Receipts*—The receipts have varied from 1,97 in 1881-82 to 1,68, 2,05, 1,56 and 1,18, and are placed at 1,46 in the Estimate of the current year. The principal items are the Cinchona receipts (1,19), which may be expected to increase, and the Emigration fees (25). The Budget of 1886-87 may be taken, subject to the Revised Estimate.

SUPERANNUATION ALLOWANCES AND PENSIONS

296 *Receipts*—The receipts by contributions for pensions were 52 in 1885-86. The Budget Estimate for 1886-87 is a little less. It may be taken pending the Revised

Pensions

297 *Expenditure*—On the expenditure side, the charges for pensions in the four years ending 1885-86 have been 10,25, 10,80, 11,29 and 11,80, showing a steady rise of just over half a lakh a year. The Estimate for 1886-87 is 12,93, which would appear *prima facie* to be excessive.

Gratuities &c

298 The charges for Compassionate Allowances and Gratuities were high in 1882-83, owing mainly to the reductions in the Customs establishments. After that they were 60 in 1883-84, 42 in 1884-85, 51 in 1885-86, and are estimated at 81, which also appears rather high, in 1886-87.

Future estimate

299 It would appear safe, pending the Revised Estimate, to reduce the Budget of 1886-87 by 50, and to take 13,21.

The Future Provincial Contract with Bengal

Stationery and Printing

300 The particulars of the increase of the pension list appear from the following comparison—

Details of recent increase of pensions	1882-83, Budget	1886 87, Budget	
Land Revenue	99	1,57	
Opium	36	44	
Customs	65	1,17	(Special reasons)
Administration	1,26	1,48	
Law and Justice	2,20	2 72	
Police	1,58	2,07	A B—The pension list here shown, for certain reasons, does not agree with the payments charged in the Bengal accounts
Education	81	71	
Medical	10	29	
Other Heads	2,29	2,73	
	9,77	18,23	

301 We have decided to recommend to the Government of India that in all provinces the charge for Superannuation shall remain provincial instead of being Imperialised, in order to secure that watchfulness and strictness in the bestowal of pensions, which might possibly be wanting, if the Local Government had no interest in economy. The Local Members would prefer to see the head Imperialised, on the ground that the total amount has increased rapidly during the last Contract and has swallowed up a large portion of the augmenting revenue of the province. In order to meet this objection, we recommend that the estimated annual increase should be shared between Provincial and Imperial. This increase, as it appears at present, is 50, and if the Provincial Assignment were increased by 25 every year on this account, the Provincial Government would be relieved of half the charges, but it would deal with every individual case as if it had to bear the whole charge. An instance has been brought to our notice, in which a Translator in the High Court, after being pensioned, was taken back on the same duty, and now draws both his pension and the full pay of his post. Such cases are hardly likely to become common, but it is at least prudent that, so long as they are possible, the Imperial Treasury should not undertake to bear the whole of the cost.

STATIONERY AND PRINTING

302 The following are the details of transactions under this head since 1883-84—

	1883 84	1884-85	1885 86	1886 87, Budget
<i>Expenditure—</i>				
Stationery Office	1,12	1,09	1,02	1,13
Country purchases	50	79	76	83
Supplies from Central Stores	4,40	5,71	5,81	5,90
Secretariat Press	2,18	2,49		
Jail Press	43	50	4,28	2,94
Government Publications	24	25		
Indian Law Reports				15
Other charges	6	3	18	3
TOTAL	9 28	10,86	12,05	10,98
<i>Receipts—</i>				
Stationery	26	25	53	25
Gazettes and Publications	45	46	57	46
Law Reports				12
Other receipts	50	38	83	40
TOTAL	1,21	1,09	1,93	1,23

The Future Provincial Contract with Bengal

Stationery and Printing

303 The Stationery Office has been dealt with under "Stamps" The charges here shown are only the establishment and the contingent charges immediately connected with the Stationery Office The Budget for 1886-87 provides for some extra and exceptional charges, which may not be really incurred, and it is accepted only pending the Revised Estimate The same may be said of the next head, "Purchases of country stationery" The excess provision is mainly for Civil and Sessions Courts

304 For supplies from the Central Stores the Budget figure seems a fair estimate of probable cost The low figure of 1883-84 was entirely exceptional, as the charge in the year before that mounted to 5,97 The indents for stationery are checked to a certain extent by the Superintendent, and, in an annual report issued by the Board of Revenue, the consumption per man in each office is stated in comparative tables, it does not, however, appear that attention is called to cases of apparent excess The subject is not referred to in the body of the report, and, as only sixty copies of the report were printed, not more than one office in each district can possibly have had the tabular statements communicated to it

305 Nor do the Budget Estimates, either of purchase for the Central Stores, or of issues from them, appear to undergo any examination and revision by the Board of Revenue The Budget allotment for the purchase of stationery in India, which was Rs 6,00,000 in 1885-86, was enhanced to Rs 7,00,000 in 1886-87 We have enquired into the history of this increase, and find that the facts stand thus — On August 20th, 1885, the Officiating Superintendent of Stationery submitted to the Board of Revenue a document containing the following information and absolutely nothing more —

Budget Estimates — Disbursements for the year ending 31st March 1887

	Sanctioned Estimate, 1885-86	Estimate, 1886-87	REMARKS
Purchase of stationery in India	Rs 6,00,000	Rs 7,00,000	This amount will, it is expected, be required to meet the increased expenditure on this head

The Board of Revenue accepted the document as it stood, and sent it on, in original, on August 31st with the following endorsement —

Passed and forwarded to the Accountant General of Bengal — By order of the Board of Revenue, L P — J KNOX ORD, *Superintendent*

306 The charges for Presses were very high in 1885-86, mainly by reason of expenditure on printing receipt forms for use under the Bengal Tenancy Act This caused a corresponding increase in the receipt side. Transactions fell in 1886-87 to their former scale

307 The Presidency Jail is largely used for printing work and is treated as a branch of the Secretariat Press The Inspector General of Jails claims for it that it turns out work of the value of nearly 1½ lakhs against a cash outlay of only half a lakh

308 On the whole, though we think that more effective control should be productive of economy, there seems no reason for departing from the Estimates of the current year as the ordinary measure both of receipts and expenditure The receipts are

The Future Provincial Contract with Bengal

Miscellaneous

likely to be much in excess of the estimates, by reason of an arrangement made last year by which Railways were to pay directly for the stationery they received. The receipts from the Railways, however, obviously came in re-imbursement of the charges for Stationery purchased for Central Stores, and as these charges are Imperial, they should also be so credited. The Provincial arrangement of 1882 did not specially provide for this class of receipt, as at that time all such matters were passed through the accounts by a special adjustment.

MISCELLANEOUS

309 *Expenditure* —The Provincial Expenditure has been —

	1883 84	1884 85	1885 86	1886 87, Budget
	R	R	R	R
Books	4	5	5	5
Charitable donations	58	69	1,10	85
Petty establishments	17	19	21	18
Special Commissions	42	48	86	34
Destruction of wild animals	27	40	19	1,90
Rents and rates	1,75	1,71	1,50	
Other charges	29	36	54	
Refunds	19	9	11	8
TOTAL	3,71	3,97	4,56	3,40

310 Of the amount of Charitable Donations the two largest items, 17½ and 37½, are on account of the District Charitable Society and the Calcutta Nuisances' Institution, the latter being a maximum amount, which may not be worked up to. Both of these are, for the present, practically obligations of Government. Of the rest, 10 is more in the nature of a rent charge, 4 is the present cost of famine orphans, and the rest consists mostly of grants to Societies connected with Calcutta and the Calcutta Port.

Petty establishments

311 The Petty Establishments are for the most part those of Circuit Houses and of Staging Bungalows.

312 The charges for Special Commissions have for some time past been over ₹40,000, those of 1885-86 and 1886-87 are mostly those connected with the enquiry relating

to ministerial establishments. The heavy charge under this head, and two exceptional charges of 24, which are properly "Famine Relief," and of 8, connected with the winding-up of the Port Canning Estate and reckoned under "Other charges," account for the high figure of 1885-86.

Budget figures repeated

313. The Budget Estimate seems on the whole a moderate standard of the expenditure.

314 *Receipts* —These have been —

	1883 84	1884 85	1885 86	1886 87, Budget
	R	R	R	R
Unclaimed deposits	3,75	4,41	2,65	4,40
Sales of old stores, lands, and houses	28	42	35	38
Rents	18	23	21	23
Fees for audit and account	1,01	1,09	1,09	1,14
Partition fees	1,12	1,03	1,16	1,08
Other receipts	81	1,20	54	95
TOTAL	7,15	8,38	6,00	8,18

The Future Provincial Contract with Bengal

Public Works—Railways

315 The Budget Estimate may be taken as a fair standard except in the case of the lapse of unclaimed deposits. This head is necessarily subject to very considerable variations, and though the figure is large, it must be remembered that the extent of deposit transactions in Bengal is enormous. The probable amount of lapses should be ascertained more accurately at the time of the Revised Estimate, and the best course would probably be to take the average of the four last years. Meantime we take the average of the first three of them, or 3,60, which will give for the whole head an estimate of 7,38.

316 The fourth head in the above list contains the receipts from Municipal Funds on account of the audit applied to them by the Accountant General, and the contributions levied from Local Funds towards the cost of the Account Establishments.

317 The fifth head, Partition fees, comprises receipts against which partition establishments, charged under Land Revenue, are entertained.

PUBLIC WORKS

RAILWAYS—REVENUE ACCOUNT

318 *Northern Bengal Railway*—The past transactions of this Railway are as under—

	1881 82	1882 83	1883 84	1884 85	1885 86	1886 87, Budget
Revenue	R 19,27	R 22,80	R 21,33	R 21,66	R 23,39	R 23,00
Expenditure	9,60	10,72	12,35	15,20	11,70	18,65
Net Revenue	9,67	12,08	8,98	6,46	8,69	9,35

319 The traffic earnings this year have been exceptionally good, and it seems probable that the revenue of the year will amount to 26,50. The increase is doubtless partly due to an abnormal traffic, but must be attributed in a measure to the opening of the Dinajpur extension and to general progress. The local authorities consider that a fair increase in revenue, as compared with past results, may be expected.

320 The expenditure in the last three years has been abnormally high owing to heavy renewals of sleepers. The outlay on the renewal of sleepers may now be expected to decrease, but a considerable outlay on the substitution of 50lb steel rails for the 40lb iron rails now on the line is expected during the next five years. The local authorities consider that these renewals and the working of the additional traffic will tend to keep the expenditure on Revenue Account at a high figure. It is possible that the future expenditure is over-estimated, but as it is desirable to allow the Local Government reasonable grounds for anticipating an increase of Revenue from working the line, we have come to the conclusion that the following figures may

The Future Provincial Contract with Bengal

Public Works—Railways

be accepted as the existing standard of the working of the railway and as the basis of the new Contract —

Revenue	25,00
Expenditure	15,50
	<hr/>
NET REVENUE	9,50
	<hr/>

321 *Tinhoot Railway*—The actual transactions of this Railway during past years are as under —

	1881 82	1882 83	1883 84	1884 85	1885 86	1886 87, Budget
Revenue	5,79	7,10	9,82	12,50	12,80	13,75
Expenditure	3,49	4,41	6,79	9,68	9,12	9,00
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Revenue	2,30	2,69	3,03	2,82	3,68	4,75

322 The increase in the earnings of this line may be attributed to the increased mileage opened to traffic At the beginning of 1886-87, 227 miles were open to traffic compared with 85 miles at the end of 1881-82 The Budget Estimate of 13,75 is believed to be too low and the current year is likely to produce 14,70 according to existing estimates

323 The opening of the Gaudak Bridge and a further extension about the close of this year towards the Kosi should add to the present revenue

324 Heavy renewals of sleepers have added considerably to the normal expenditure during the last three years, and of the expenditure of the present year, now estimated at 9,80, about 60 may be reckoned as abnormal

325 We consider that in preparing the new Contract, the transactions of this Railway may be placed at the figures thus explained to be the normal ones of the current year, namely,—

Revenue	14,70
Expenditure	9,20
	<hr/>
NET REVENUE	5,50
	<hr/>

326 *Patna-Gya Railway*—This line is to be transferred to Imperial after the close of this year, as its working is in the hands of the East Indian Railway Company Consequently no estimate of its transactions will find a place in the new Contract The estimated transactions of this year are as follow, and are entered *pro forma* in our statements —

Revenue	5,17
Expenditure	2,85
	<hr/>
NET REVENUE	2,32
	<hr/>

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Public Works—Railways

327 *Nalhati Railway*—The transactions of this Railway are as under —

	1881-82	1882 83	1883 84.	1884 85	1885 86	1886 87, Budget
Revenue	68	74	81	76	79	77
Expenditure	55	51	56	72	66	65
NET REVENUE	13	23	25	4	13	12

328 The Revenue is fairly regular The expenditure varies with the outlay on renewals We consider that in preparing the new Contract the transactions may be placed as under, so as to cover the interest charge of 14 —

Revenue	79
Expenditure	65
NET REVENUE	14

329 *Dacca-Mymensingh Railway*—This line has only been recently opened throughout The past transactions are as under —

	1884 85	1885 86	1886 87, Budget
Revenue	26	1,27	3,50
Expenditure	7	1,84	3,25
NET REVENUE	19	—57	25

330 It is difficult to make an estimate of the transactions of this Railway, but the traffic is obviously not yet developed and may be expected immediately to make a much better return than Rs. 3,50,000 of earnings for Rs. 3,25,000 of expenditure We consider that in preparing the new Contract the following figures may be taken —

Revenue	3,75
Expenditure	3,25
NET REVENUE	50

331 *Kaunia-Dharla Railway*—The past transactions are as follows —

	1882 83	1883 84	1884 85	1885 86	1886 87, Budget
Revenue	1,06	1,41	1,57	1,30	1,45
Expenditure	90	1,01	1,20	1,13	1,20
NET REVENUE	16	40	37	17	25

332 We consider that the new Contract may be based on the figures of the current year's Budget, viz —

Revenue	1,45
Expenditure	1,20
NET REVENUE	25

The Future Provincial Contract with Bengal

Public Works — Railways

333 *General results* — Omitting, for the present, the transactions of the Eastern Bengal Railway, which will be taken up separately, the accounts of the other Railways, which will be treated as Provincial in preparing the new Contract, may be stated as follows —

	Gross earnings	Working expenses	Net earnings	Interest	
				Provincial	Imperial
Northern Bengal Railway	25,00	15,50	9,50	8,48	40
Tinhoot Railway	14,70	9,20	5,50	5,84	1
Nalhati Railway	79	65	14	14	
Dacca-Mymensingh Railway	3,75	3,25	50	2,45	3
Kaunia-Dharla Railway	1,45	1,20	25		38
	45,69	29,80	15,89	16,91	82
Patna-Gya Railway	5,17	2,85	2,32	1,51	18
TOTAL	50,86	32,65	18,21	18,42	95

334 The figures above stated for each of the railways being an estimate of the existing normal scale of revenue and expenditure, we have to place against them the charge for interest. This will ultimately be determined in the Revised Estimate by the usual calculation upon the capital expenditure, meantime it is sufficient to take it as it stands in the Budget Estimate. At present there are some parts of this Interest charge which are not taken in the Provincial accounts, but we propose in the future Contract to transfer these to Provincial (reckoning them in the assignment), so that the whole of the Interest charges may appear in the accounts without division.

335 There is also an Interest charge of 3,29 Provincial, and 3 Imperial in respect of the Assam-Bihar line of which there is as yet no revenue account.

Assam Behar Railway

EASTERN BENGAL RAILWAY

336 *Earnings* — The gross earnings of this Railway since the year 1880-81 have been as follows —

	R	
1881-82	59,95,000	} Average R56,20,000
1882-83	67,16,000	
1883-84	53,43,800	
1884-85	(a) 55,09,000	
1885-86	. 46,61,000	
1886-87 Estimate	. 55,00,000	

(a) Excluding about R3,00,000 of assets from special Funds

337 The earnings of 1885-86 were abnormally low, owing to the reduced rates charged for the carriage of goods on account of the competition of two rival Steamer Companies, and to the line having been closed to through traffic for a considerable time owing to the damage done by floods.

338 In the six months' estimate recently prepared, the earnings of the line for the year 1886-87 have been placed at 52 lakhs as compared with the Budget Estimate of 55 lakhs. Up to the 23rd October the earnings of the year 1886-87 have amounted to R28,13,075 as compared with R22,36,113 up to the 24th October 1885.

Comparison between the current and past year's Traffic

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Public Works—Railways

in the previous official year. This shows an improvement up to date of Rs. 5,76,962. Supposing that the Traffic earnings during the remainder of this official year are the same as they were last year, the total gross earnings of the year will amount to Rs. 52,38,012. It is well known, however, that the Traffic during the latter months of the last official year was by no means good, and a fair increase this year may reasonably be expected. Moreover, the increased rates now in force for jute did not come into operation until August. The last weeks, for which returns are available, are—

	R
Week ending 23rd October 1886	1,33,000
" " 24th October 1885	99,000
	34,000
INCREASE	

339 The average earnings during the last 23 weeks of last official year amounted to Rs. 1,05,000 a week. With the increased rates for jute now in force and a steady improvement in passenger traffic, we do not see why the line should fall far short of the original estimate of 55,00. To arrive at this figure, average weekly earnings of 1,17 for the remainder of the year are necessary.

340 In a Note recently prepared by Major Boughiey, the Manager of the line, after assuming that this year's earnings will only amount to 52 lakhs, he estimated the earnings of future years as follows —

	R
1887-88	52,00,000
1888-89	53,00,000
1889-90	54,00,000
1890-91	55,00,000

But on our pointing out to that officer certain discrepancies in his estimates, he revised his estimates of gross earnings and placed them at the following figures —

	R
1886-87	53,00,000
1887-88	54,00,000
1888-89	55,00,000
1889-90	55,00,000
1890-91	56,00,000

341 In estimating the returns of this Railway it must not be overlooked that the traffic of the line will be enhanced by the opening of the extension of the Assam-Behar Railway beyond Dinajpur, and by the development of the Dacca-Mymensingh Railway. Leaving out of account the exceptional year of 1885-86, when everything went wrong, and also the bumper year 1882-83, and allowing for the reduced rates now in force, compared with those charged by the Company before the Railway was taken over by the State, we consider that the earnings of the Railway may be considered to have attained an average standard of nearly 55 lakhs in ordinary years, and in years of a large jute crop may reach to from 60 to 65 lakhs.

342 In this estimate no account is taken of the additional revenue that must accrue to the line from the opening of the Hooghly Bridge and the bringing of a certain portion of the East Indian Railway traffic into Chitpore and Scaldah. The Hooghly Bridge line will be completed early in 1887. As no arrangements

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Public Works — Railways

have at present been concluded between the East Indian and Eastern Bengal Railway Companies, our proposal is to leave out of account, for the purposes of the present Contract, the extra earnings of the latter by the running on their lines of the East Indian trains, the matter may be settled independently, so far as regards the Provincial Contract, when a definite arrangement is come to. It is worthy of note, however, that the Eastern Bengal Railway will probably get another collateral advantage from the opening of the Bridge, in an economy of at least half-a-lakh of rupees annually in its expenditure on coal.

343 *Expenditure* — The gross expenditure on the maintenance and working of the Railway since 1880-81 has been as follows —

	₹	
1881-82	25,60,000	}
1882-83	27,87,000	
1883-84	28,21,000	
1884-85	30,05,000	
1885-86	29,78,000 (a)	
1886-87, Estimate	28,35,000	Average ₹28,31,000

(a) Excluding a special charge of ₹ 5,05,000 for arrears of Loss by Exchange

344 The expenditure during 1882-83 and 1883-84 was increased by certain sums, which the Company then owning the line ought to have laid out on maintenance, but which, as the amount was not expended, they were forced to charge off and place in reserve with a view of placing the line in fair order when the contract terminated. After the Railway was purchased by the State, still heavier outlay was necessary in order to bring the line up to a proper standard, and the damage caused by floods and the erosion of the Ganges at Goalundo increased the Revenue expenditure. A part of the increased expenditure was, however, met from the Reserves made in previous years, which remained unexpended when the Railway was purchased.

345 The abnormal expenditure entered in the accounts of the last three years is estimated by Major Boughcy as follows —

	₹
1884-85	87,000
1885-86	3,23,000
1886-87	3,76,000

346 Owing to the increased outlay this year the Manager, in preparing the Revised Estimate of current year six-months' estimate, increased the estimated Revenue expenditure of this year to 33,00. It now appears that this was an over-estimate, and, moreover, this estimate contained provision for a contribution of about one lakh of rupees to the special Reserve Fund, which it is necessary to keep up to provide for the deterioration of the Bengal Central Railway rolling stock. The provision of this charge in the Estimates is not necessary, as the amount held in reserve remains at the credit of the Suspense account, under Revenue, and not outside it. The expenditure this year is now estimated at 31 lakhs.

Expenditure of recent years classified as normal and abnormal

347 The figures of recent years according to these calculations would be—

	Normal	Abnormal	Total
1881-85	29,18	87	30,05
1885-86	26,55	3,23	29,78
1886-87	27,24	3,76	31,00

The abnormal expenditure will certainly continue for some time longer,

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Public Works — Railways

though to what extent it is difficult to say. It includes the cost of the contest with the Ganges at Goalundo, and of repairs to breaches in severe inundations

348 The outlay for future years is now placed by the Manager as follows —

	R
1887-88	30,00,000
1888-89	30,00,000
1889-90	29,00,000
1890-91	28,00,000

These estimates also provide for a considerable amount of abnormal outlay still considered necessary

349 We recommend 54,50 — 29,50, or 25 lakhs, as a fair basis for a contract estimate of the net earnings

350 According to Major Boughey's last estimates the transactions of the line may be estimated as under —

	Revenue	Expenditure	Net Revenue
	R	R	R
1887-88	54,00,000	30,00,000	24,00,000
1888-89	55,00,000	30,00,000	25,00,000
1889-90	55,00,000	29,00,000	26,00,000
1890-91	56,00,000	28,00,000	28,00,000

351 As the figures are subject to such considerable irregularities, both in revenue and in expenditure, that a bad year might plunge the province in great difficulties while a good one might produce a surplus which it would be hardly fair to Imperial interests entirely to forego, we were inclined to recommend, that it would be better that the net earnings should be divided equally between Imperial and Provincial, rather than that they should be entirely Provincial. But it has been strongly urged by the Government of Bengal that they should be left in independent control of the Railway, and they have suggested an alternative which we recommend the Government of India to accept, *viz*, that a margin of 5 lakhs above and below the proposed figure of 25 lakhs net earnings should be taken as the limit to which the interest and responsibility of the Local Government should extend. Thus, if the net revenue in any year exceeds 30 lakhs, the excess should be credited to Imperial, and if it falls below 20 lakhs the deficiency should be made good by the Imperial Government, but between these limits the net earnings should be entirely Provincial.

352. *Interest on Capital* — The charges on account of Interest and Annuity payable this year in connection with the Railway are as follows —

	India	England	Exchange	TOTAL
	R	R	R	R
Interest on Debentures and Debenture Stock		(a) 4,20,000	1,40,000	5,60,000
Interest on Overdrawn Capital	16,979			16,979
Interest on Capital Outlay since Purchase	(b) 6,69,500	(a) 12,05,000	4,01,666	(b) 6,69,500
Annuity				16,06,666
TOTAL	6,86,479	16,25,000	5,41,666	28,53,145

(a) These payments are made in England

(b) Excludes Interest on Exchange (English Stores) amounting to about R11,000. The transactions of the Calcutta and South-Eastern Railway and Poridah Section, Northern Bengal State Railway, are taken to account in the calculations, as they cannot be excluded, owing to the complete amalgamation of the accounts

The Future Provincial Contract with Bengal

Public Works—Irrigation and Navigation

353 We do not consider it desirable to deal with payments on account of interest and annuity payable in England, involving, as they do, a fluctuating charge for exchange, in framing the new Contract. We propose to make the Provincial Government liable for the interest charges which arise in India, including the interest on exchange, which has arisen on the outlay incurred in the purchase of English Stores, other than purchases which appeared in the late Company's accounts. This is necessary, as the outlay in question on English Stores will now be brought into the Capital Account of the Railway. Subject to adjustment hereafter the amounts to be provided in the new Contract for interest will be as follows —

	R
Interest on overdrawn Capital	16,979
Interest on Capital outlay	6,69,500
Interest on the amount now to be debited to Capital on account of exchange on cost of English Stores	11,000
TOTAL	6,97,479

354 As we necessarily give the Provincial Government an assignment equal to the amount of charge in 1886-87, this procedure will have the effect of making it meet out of the increasing net earnings of the line any additions to the interest charge caused by its future capital outlay on it

GENERAL RESULTS OF ALL RAILWAYS

355 The figures relating to Railways, which we propose to take to account in framing the new Contract, will stand as under, subject to future adjustment —

	Gross earnings R	Working Expenses R	Net earnings R	Interest R
Open Railways already Provincial (para 333)	45,69	29,80	15,89	17,73
Assam-Bihar Railway (para 335)				3,32
Eastern Bengal Railway	54,50	29,50	25,00	6,97
TOTAL	1,00,19	59,30	40,89	28,02

IRRIGATION AND NAVIGATION

Productive Public Works—Revenue Account

356 The transactions of the Major Works for the six years ending 1886-87 are shown below —

Revenue

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
	R	R	R	R	R	R
Orissa canals	2,23	3,20	2,38	1,41	2,07	2,00
Midnapore canal	2,50	2,68	2,65	2,58	2,63	2,45
Tidal canal	47	45	63	41	52	55
Sone canals	7,36	6,55	6,04	8,62	10,63	8,30
TOTAL	12,56	13,18	11,70	13,08	15,85	13,30

The Future Provincial Contract with Bengal

Public Works—Irrigation and Navigation

Expenditure

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
	₹	₹	₹	₹	₹	₹
Orissa canals	3,28	3,42	2,98	3,16	3,43	3,15
Midnapore canal	2,28	2,35	2,16	2,23	2,10	2,05
Tidal canal	28	40	17	37	49	41
Sone canals	4,57	5,30	5,14	6,04	5,52	5,01
TOTAL	10,41	11,50	10,70	11,80	11,54	11,25

Net Revenue

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
	₹	₹	₹	₹	₹	₹
Orissa canals	— 1,05	— 22	— 55	— 1,72	— 1,36	— 1,15
Midnapore canal	22	30	49	35	53	40
Tidal canal	19	5	16	7	3	14
Sone canals	2,79	1,55	90	2,55	5,11	2,66
TOTAL	2,15	1,65	1,00	1,28	4,31	2,05

Interest

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
	₹	₹	₹	₹	₹	₹
	20,75	21,16	21,61	22,13	22,67	22,80

Net Charge, including Interest

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
	₹	₹	₹	₹	₹	₹
	18,60	19,48	20,61	20,85	18,36	20,84

357 The revenue realised from the Sone Canals in 1885-86 was exceptionally high and much in excess of the Revised Estimate for that year. This is attributed to the large collection of arrears of revenue, which was effected under special circumstances, so that the collections during that year cannot be taken as a basis for calculating future revenue. On the other hand, the outlay on the Orissa Canals during 1886-87 and 1887-88 must be exceptionally high, owing to the expenditure that has to be incurred in those years in restoring works recently damaged by floods. The Chief Engineer for Irrigation makes the following estimate of the working of the canals during the period of the ensuing Contract —

	Gross Receipts	Gross Expenditure	Net Revenue
	₹	₹	₹
1887-88	13,63	12,29	1,34
1888-89	14,18	11,05	2,53
1889-90	14,90	11,71	3,19
1890-91	15,87	11,87	3,80
1891-92	16,32	12,03	4,29

The Future Provincial Contract with Bengal

Public Works—Irrigation and Navigation

358 We consider that the Budget Estimate of the current year may be taken as a fair standard of the existing revenue and expenditure, and may be adopted as the basis of the new Contract. This estimate should allow of the Local Government realising a fair increase of revenue during the next five years. The interest charge should of course be taken as near as possible to the actual figures of 1886-87, and will therefore be reckoned upon the Revised Estimate. For present purposes we take the Budget figure of 22,89

Budget Estimate accepted

MINOR IRRIGATION WORKS

359 *Revenue*—The revenue under this head has been as under —

	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
	₹	₹	₹	₹	₹
Sauan Project	18	23	9	41	25
Orissa Coast Canal				14	15
Calcutta and Eastern Canals	5,64	5,64	5,70	4,79	5,70
Nudder Rivers	1,83	2,03	1,95	1,85	2,00
Eden Canal			1		1
Tidal Creeks					
Agricultural Works	3	2	3	3	3
Civil Officers				3,10	60
TOTAL	7,68	7,92	7,78	10,32	8,74

360 The revenue of the Calcutta and Eastern Canals during 1885-86 has apparently fallen considerably below the estimate. This is due in some measure to a book adjustment of an amount belonging to a former year. The Orissa Coast Canal is not quite completed, a considerable increase in revenue from this project is expected. Excluding the revenue realised by Civil Officers (₹60,000) we consider that the revenue figures for the new Contract may be placed at ₹8,14,000, the amount expected to be realised this year.

361. The amount under "Civil Officers" refers to a special arrangement

Revenue collected by Civil Officers relating to embankments, which are shown in the accounts as Agricultural Works. These so-called "Tuccavi works" in Bengal are of two classes. In some cases the cost of the works is directly assessed upon the lands affected, the outlay on the works is charged to Advances, and the recoveries are collected and credited to the same head, the works do not therefore anywhere appear in the accounts of expenditure. Other works—chiefly embankments in Midnapore and in Behar—are carried out, as the accounts describe it, "by contract", that is, the expenditure is incurred by Government, and charged as Government expenditure in the first place, but recoveries on account of it are made from the landlords who benefit by it. The charge appears under Irrigation, Minor Works, Agricultural Works, but as the recoveries are made in the Civil Department, they are shown under "Civil Officers". These recoveries have been somewhat irregular in the past, and it is believed that till lately they were to a large extent taken as Land Revenue receipts, but it may be assumed that they will be dealt with more regularly in future, and that, taking year with year, they will equal the expenditure. This last we take at 1,30, which is the present estimate of the current year, and we therefore take 1,30 also as the corresponding receipt.

The Future Provincial Contract with Bengal

Public Works —Irrigation and Navigation

Total Estimate

362 The total estimate of receipts under this head is therefore 9,44

363 *Expenditure* —The expenditure under this head has been as follows —

	1882-83	1883-84	1884-85	1885-86	1886-87
CAPITAL ACCOUNT—	R	R	R	R	R
Sarun Project	40	—4	2	1	
Orissa Coast Canal	8,00	3,55	1,91	4,16	3,35
Calcutta and Eastern Canals		1,52	9	—43	10
TOTAL CAPITAL ACCOUNT	8,40	5,03	2,02	3,77	3,45
Maintenance and repairs of the above	34	2,14	3,03	2,39	2,30
Irrigation and Navigation works for which neither Capital nor Revenue Accounts are kept	13,50	2,14	1,51	1,27	1,55
Agricultural Works	1,13	1,87	1,60	3,20	1,12
Unallotted grant					85
TOTAL	23,67	11,78	8,16	10,63	9,27

364 All the new works already commenced are completed with the exception of the Orissa Coast Canal, for which a revised estimate amounting to Rs11,16,200 has been submitted to the Government of India for sanction, the original estimate of Rs34,45,742 having been exceeded. If the existing grant of Rs3,35,000 is expended on the canal this year, a sum of Rs3,11,251 will be needed to complete the project after this year up to the limit of the revised estimate. It is possible, however, that this amount will be reduced, as a sum of Rs5,000 is still unallotted for the current year, and may be utilised for expenditure under this head. The sum needed to complete the project as finally sanctioned can best be provided by assigning a special grant to Bengal in excess of the normal allotments to be granted in the new Contract, and, for the present, this amount may be assumed to be Rs3,40,000. We do not propose to make any further assignment for Capital expenditure on Irrigation, but the subject will be discussed below.

Past Revenue expenditure on works for which Capital accounts are kept

365 The details of the Revenue expenditure on the works for which capital accounts are kept are shown below, —

	1883-84	1884-85	1885-86	1886-87
	R	R	R	R
Sarun Project	23	25	23	27
Orissa Coast Canal			30	16
Calcutta and Eastern Canals	2,21	2,78	1,86	1,87
TOTAL	2,14	3,03	2,39	2,30

366 The local authorities consider that the future annual outlay on the Sarun Canal may be placed at Rs20,000 and that on the Calcutta and Eastern Canals at Rs2,00,000. The outlay on maintaining the Orissa Canal will doubtless increase, but, following

Future estimate

The Future Provincial Contract with Bengal

Public Works—Irrigation and Navigation

the usual principle, we take as the basis of the assignment the standard of Revenue and Expenditure of the current year (that is, revenue 15 and expenditure 16) and leave the future increase on both sides to accrue to the Provincial account. The total outlay provided for in the Contract to meet the Revenue expenditure on these works will thus stand at Rs2,36,000

367 The details of the expenditure on works for which neither Capital

Works for which neither Capital nor Revenue accounts are kept are as follows —
nor Revenue Accounts are kept

	1883 84	1884 85	1885 86	1886 87
	R	R	R	R
Nudda Rivers	1,25	96	77	85
Eden Canal	1,07	44	47	50
Tidal Creeks in Orissa	12	11	1	10
Other Items			2	10
TOTAL	2,44	1 51	1,27	1,55

368 The expenditure on the Nudda Rivers fluctuates according to the condition of the streams each year. It is estimated

The Nudda Rivers
at about Rs1,00,000 that the annual charges may be placed on an average

369 The annual expenditure in future on the Eden Canal is estimated at Rs20,000 per annum. There are special reasons for a high allotment this year

The Eden Canal

370 The expenditure on the Tidal Creeks in Orissa is small. After discussing the matter with the Chief Engineer for Irrigation we have come to the conclusion that an annual

Tidal Creeks in Orissa
allowance of Rs10,000 will suffice for the outlay on these creeks

371 We further propose to assign a sum of Rs4,000 a year for outlay on other projects. The total grant under this head

Other projects
at Rs1,34,000

372 The expenditure shown under the head Agricultural Works is that above (paragraph 361) explained to be incurred on tuccavi embankments "under contract". The

Agricultural Works
outlay may be placed in the new Contract at Rs1,30,000

373 The amount we propose to allot to Minor Irrigation Works now chargeable to Provincial Revenues will then stand as under —

	R
Irrigation and Navigation—Revenue Expenditure	2,36,000
Works for which neither Capital nor Revenue Accounts are kept	1,34,000
Agricultural Works	1,30,000
TOTAL	5,00,000

374 We have received from the Local Government the following statement of new works of this class, proposed by

Proposed new works:
them and awaiting financial provision. We do not consider that it is within our province to make any proposals regard-

The Future Provincial Contract with Bengal

Public Works - Irrigation and Navigation

ing these works, as the question of undertaking the larger projects embodied in the list, and the manner in which the necessary funds should be provided, can best be settled with the Government of India, when the projects are sanctioned. The three smaller projects must apparently stand over until funds can be made available from Provincial resources, as none of them appear to be of a nature to call for special provision on their account being made in the new Contract. As regards the larger ones, it appears to us that the arrangement, so far as it affects the mutual relations of Imperial and Provincial, should be on the same basis as those which regulate Productive works,—that is, so far as the Provincial Government requires an assignment from Imperial Revenues to meet the proposed expenditure, it should undertake to pay interest at four per cent in respect of it.

Statement of Proposed New Works classified under Irrigation and Navigation

LOCALITY	Works	AMOUNT OF ESTIMATE		REMARKS
		Urgent Works	Ordinary Works	
Calcutta	Canalisation of Tolly's nullah	R 22 to 45 lakhs	R	There are several projects for this work, but it has not yet been decided which is to be carried out. There is also some question concerning the cost of the land which is very valuable. Hence the different figures given. The work must be done in connection with the Kidderpore docks.
Eastern Canals	Canalisation of the Bhangeie khal	13½ to 20 lakhs		There is more than one project, and it has not yet been decided which should be adopted.
Ditto	Madanipore canal		21 to 31 lakhs	The project to be executed has not been finally determined. If locks are constructed at either end of the canal, the higher figures will be correct.
Eden Canal	Widening Banks nullah		14,500	This is in connection with the Eden Canal.
Sarun	New regulator on Sarun canals		40,000	
Sone Canals	Additions and improvements to Tewar canal		35,500	
	TOTAL	35½ to 65 lakhs	22 to 32 lakhs	

375 We consider it necessary to call attention to the large establishments employed in the Irrigation Branch of the department. It seems possible that the outlay now being incurred could be supervised with a smaller establishment than that now employed. With the reduced grant now available for outlay, economy in establishments is essential.

376 We also desire to call attention to the large outlay now incurred in collecting the revenue of the works classed as Productive. The total revenue of these works is estimated at only R13,30,000, while the establishment employed in its collection costs R2,52,000, or nearly 19 per cent on the revenue. Again, the cost of collecting the revenue of the Calcutta and Eastern Canals, amounting to R5,70,000, is placed at R48,000, of which R10,000 is paid to the Toll-Collector. An officer on a lower salary could apparently be obtained for carrying out these duties. Further, the cost of collecting R2,00,000 on the Nuddea Rivers amounts to R22,450, or more than 11 per cent of the revenue.

The Future Provincial Contract with Bengal

Public Works—Provincialisation of Embankments

PROVINCIALISATION OF EMBANKMENT CHARGES

377 We have been desired to consider the basis on which the outlay on Agricultural works, now Imperial Agricultural Works now charged to Imperial can be made Provincial

378 The outlay incurred on this account during the last fifteen years is shown in the following statement —

Statement showing the Total Expenditure on Imperial Agricultural Works in Bengal from 1872-73 to 1886-87, inclusive

YEARS	New Works	Repairs	Estab-lish-ment	Tools and plant	Profit and loss	Suspense	TOTAL
	R	R	R	R	R	R	R
1872-73	1 48 730	3 46 655	1 71 935	5 441	150	—2 041	6 70 870
1873-74	1 94 106	3 04 816	1 41 873	11 355		—4 238	6 47 912(a)
1874-75	3 06 222	2 32 297	2 63 854	14 769		21 189	8 38 331(b)
1875-76	60 215	2 57 446	1 91 771	10 693	380	8 338	5 28 843(c)
1876-77	16 311	2 29 806	1 67 100	4 862	218	2 763	4 21 090
TOTAL	7,25,584	13 71,020	9 36,533	47,120	778	26 011	31 07,046
1877-78	22 989	2 81 845	1 69 613	5 872	110	+1 419	4 81 848
1878-79	29 589	2 58 301	1 39 414	1 878	Nil	—10 225	4 38 957
1879-80	38 777	2 60 213	1 58 476	1 691	10 225	—5 593	4 63 789
1880-81	54 642	2 08 397	74 926	—2 558	Nil	—16 468	4 08 939
1881-82	2 57 399	3 54 427	1 29 915	37 123	Nil	+1 702	7 76 566
TOTAL	4,03,396	14 53,183	6 88,344	44,006	10 335	—29 165	29 70,099
1882-83	2 43 613	3 52 262	1 30 030	6 097	Nil	+34 127	7 66 138
1883-84	2 70 116	3 44 140	1 34 156	7 847	Nil	—8 914	7 47 845
1884-85	2 09 718	3 42 027	1 18 668	11 306	Nil	+7 692	6 90 401
1885-86	1 34 244	3 27 601	88 230	5 507	Nil	—12 838	5 42 744
1886-87 (d)	1 75 000	3 50 000	1 12 700	13 300			6 56 000
TOTAL	10,32,691	17,21,030	5 63,793	44 147	Nil	20 067	34,02,628

(a) Includes R1, expenditure in England

(b) " 371, " "

(c) " 122, " "

(d) The figures given in this year are obtained by adding 1,25,000 lately given by the Government of India to the 5,31,000 shown in the Budget. The division between New Works, Repairs, &c., is an estimate only.

379 It will be observed that the outlay under this head has fluctuated considerably, thus—

Period	Total outlay
	R
From 1872-73 to 1876-77	31,07,046
" 1877-78 " 1881-82	25,70,099
" 1882-83 " 1886-87 (Estimate)	34,02,628 including the recent grant of R1,25,000

380 The bulk of the expenditure incurred on Agricultural Works and charged against Imperial Revenues consists of outlay on embankments which the State is bound to maintain. A portion of these embankments must apparently be maintained by the State in perpetuity, but the cost of maintaining the embankments situated in Orissa can be thrown in some form on the people who benefit by them, if arrangements to that effect can be made in the new settlement of land revenue,

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Public Works—Provincialisation of Embankments

due to be made in that Province some ten years hence It appears clear, however, that the burden of maintaining these embankment works must devolve on the State during the period of the new Contract

381 In addition to outlay on embankments, sundry items of a miscellaneous nature are charged to the head now under consideration Under the heading Original Works the following miscellaneous outlay was incurred in the five years ended 1885-86 —

	Rs
Supra Drainage Projects	2,61,413
Satpookur Sluice	50,180
Ballee Bheel Drainage Project	1,02,658

382 In a Note we have received from the Government of Bengal it was suggested that the annual grant assigned under this head should not be less than 7 lakhs or a little more than the average outlay in the last five years of the existing Contract Indeed, if the full demand for the current year had been met by the Government of India, the outlay in the five years would have amounted to 35 lakhs or an average of 7 lakhs per annum

383 The embankments dealt with being necessary for the protection of a large area of country, and the land revenue involved being very large, it is essential that they should be kept in a good state of repair, and the outlay on repairs must consequently be classed as obligatory The outlay on original works appears to consist for the most part of expenditure on new lines of embankment, which become necessary as the original alignment is encroached on by erosion, and is consequently also obligatory The distinction between Original Works and Repairs is necessarily more or less arbitrary, and must in many instances depend on the views of the officers employed in connection with the embankments, and we do not see our way to allot any special assignments to each of these heads in making proposals for provincialising the expenditure

384 The outlay on drainage schemes in connection with Government estates is not obligatory and is for the most part undertaken with the view of increasing the Land Revenue In a second Note received from the Irrigation Branch of the Public Works Department a suggestion is put forward that the outlay on embankments might alone be Provincialised, and that on other works might be dealt with specially as demands may arise If this course is followed, it is stated that the allotment for embankments, based on the outlay of the five years of the present Contract, might be placed at 6½ lakhs There is no doubt that the outlay on miscellaneous objects might be dealt with separately from that on embankments, but it is inconvenient to retain a small portion of the expenditure as Imperial, while Provincialising the bulk of it, and on the whole we are of opinion that it will be more satisfactory to make a grant covering the whole head

385 The outlay on embankments must vary from year to year in accordance with the nature of the seasons and the extent of the damage done by floods, and from the figures set forth above it appears that the total expenditure under Imperial

The Future Provincial Contract with Bengal

Public Works—Civil Works

Agricultural Works during the five years of the present Contract has been exceptionally heavy and that a smaller sum may be reasonably expected to meet the obligatory expenditure during the ensuing Contract. The total outlay in the fifteen years ending with 1886-87 amounts to Rs90,79,773 or about Rs6,05,000 a year. Of the outlay incurred in the years 1873-74 and 1874-75 about four lakhs were expended originally as Famine outlay and were subsequently charged to this head. Allowing for the probability that the difficulty of retaining these deltaic rivers within their embankments is gradually increasing through the silting up of their beds, we consider that the whole of the Imperial Agricultural outlay may well be Provincialised for the next five years for the round sum of Rs6,50,000 per annum.

CIVIL WORKS

386 *Revenue*—The Civil Works Revenue in past years has been as follows —

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87
Public Works Department	2,40	2,13	2,02	6,39	2,28	2,40
Civil Department	5,36	5,22	5,88	6,21	5,18	5,04
TOTAL	7,76	7,35	7,90	12,60	7,46	7,44

387 The Revenue in 1884-85 was exceptionally high owing to a special receipt of about Rs4,50,000 on account of the outlay incurred in building the East Indian Railway Office and the rent for the same building. The normal amount may be taken at 7,50.

388 *Expenditure*—The Provincial expenditure incurred on Civil Works since the year 1880-81 is distributed as under (the expenditure from Local Funds is added in the bottom line) —

Statement of Expenditure on Civil Works

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
ORIGINAL WORKS—						
Civil Buildings	29,29	31,56	14,69	6,21	3,25	3,07
Communications	11,48	5,55	3,29	1,40	—2	98
Miscellaneous	1,53	92	1,81	77	27	95
TOTAL ORIGINAL WORKS	42,30	38,03	19,79	8,38	3,50	5,00
REPAIRS—						
Civil Buildings	4,73	4,36	3,82	1,71	3,32	1,00
Communications	9,68	10,05	8,93	5,88	7,05	9,00
Miscellaneous	50	61	63	47	47	50
TOTAL REPAIRS	14,91	15,02	13,38	8,09	10,84	13,50
Establishment	8,84	9,74	10,00	9,78	12,80	13,14
Tools and Plant	98	1,56	40	13	30	36
Suspense, &c	—15	2,47	2,17	77	—18	
Civil Officers	70	47	1,44	2,99	38	1,06
TOTAL PROVINCIAL	67,58	67,29	47,18	30,14	27,61	33,06
Local Funds	38,99	36,80	36,66	36,77	33,63	42,10

The Future Provincial Contract with Bengal

Public Works—Civil Works

389 We proceed as usual first to calculate what the obligatory expenditure on Public Works is, then to consider what surplus remains for the construction of Original Works

Obligatory expenditure

390 The average expenditure on repairs during the currency of the present Contract has amounted to Rs12,22,000

Repairs Views of the Local Government

The Provincial Government, in a Note prepared by the Chief Engineer, contends that this is too low a figure to assume for the new Contract, as the expenditure in 1881-85 and 1885-86 was reduced below actual necessities in consequence of the appeal made by the Government of India to keep down expenditure on account of the critical state of affairs on the North-West frontier. This is doubtless correct, so far as the transactions of 1885-86 are concerned, but no such appeal was made in 1881-85, when, in consequence of low Provincial balances, the Local Government could afford only a small amount for Public Works outlay, and the expenditure on repairs only reached Rs8,09,000. It is further urged that the expenditure on repairs must progress with the increase in the block and stock of buildings and roads. This latter argument does not appear to be altogether correct in the matter of Civil Buildings, or of Bridges, for the substitution of permanent for temporary buildings or bridges should reduce rather than increase the outlay on repairs. Further, it is understood that several roads recently constructed have been made over to the Local Boards for maintenance, and if this course is followed to the extent that appears desirable, but small increase in the demands against Provincial Revenues for the maintenance of new roads need be anticipated.

391 The Local Members of the Committee consider that the amount allotted for repairs to Civil Works should not be placed at a lower figure than fifteen lakhs. The figures of the past do not, however, bear out this contention. The expenditure on repairs averaged Rs10,46,000 in the years 1871-72 to 1876-77, Rs11,84,000 in the years 1877-78 to 1881-82, and, as already stated, Rs12,22,000 during the current Contract. The permanent Members of the Committee cannot therefore admit that in preparing the new Contract a larger provision need be made under this head than the amount expended during the expiring Contract, or Rs12,22,000.

392 There is considerable difficulty in estimating the amount that should be provided in the new Contract for meeting the outlay on Establishment, chargeable to Civil Works, Provincial. The whole of the Establishment is dealt with as one item, and Imperial is debited with 23 per cent on all outlay on Works and Repairs chargeable to Imperial. There are a few exceptions to this procedure, but the amounts involved in the exceptions are not large. A similar procedure has been introduced by the Local Government in dealing with outlay on Irrigation and Navigation Works, and a percentage on the outlay incurred by Public Works Officers for Local Funds expenditure, Tuccavi advances, &c, is charged to those heads and credited to the General Establishment. Further, a lump sum has hitherto been charged to the head Railways, for administration charges incurred in the Public Works Department Secretariat, the Local Government now propose to discontinue this adjustment. The estimated cost of the General Establishment as provided for in this year's Budget Estimate amounts to Rs23,32,000. Since this estimate was prepared, the establishment of superior officers has been reduced by twenty in number, and the services of all tem-

Recent reductions

The Future Provincial Contract with Bengal

Public Works—Civil Works

porary establishments have been dispensed with. It is estimated that these reductions will bring down the establishment charges by two lakhs, or to Rs21,32,000 for the whole Province.

Distribution of establishment charges 393 The distribution of the outlay on establishments since 1880-81 is shown below —

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87 Budget
IMPERIAL—						
Irrigation, Ordinary	1,26	1,30	1,34	1,20	88	90
" Protective			56	74	15	
Military Works	28	59	81	28	4	11
Civil Works	225	2,16	271	2,13	80	83
TOTAL IMPERIAL	3,79	4,05	5,12	4,35	1,87	1,84
LOCAL—						
Civil Works		3	4	4	5	
PROVINCIAL—						
Irrigation, Ordinary	3,94	4,65	2,62	2,03	2,13	2,26
" Productive (Revenue Account)	3,51	3,77	3,57	3,95	3,97	4,06
" " (Capital Account)	2,77	1,40	1,92	1,84	94	1,42
Civil Works	884	9,74	10,00	9,78	12,80	12,95(a)
Contributions, &c					38	19
Railways		54	58	54	60	60
TOTAL PROVINCIAL	19,06	20,10	18,69	18,14	20,82	21,48
GRAND TOTAL	22,85	24,18	24,15	22,53	22,74	23,32

(a) The total amount entered in the Provincial Estimate for 1886-87 as the amount debitable to Civil Works, Provincial, is Rs13 14,000, but as the debits to Provincial Irrigation in the detailed Irrigation Estimate are Rs19,000 in excess of the amounts entered on this account in the Provincial Civil Works Estimate, the amount debitable to Civil Works has been reduced to Rs12 95,000 to arrive at the total cost of establishment provided, viz., Rs23 32,000.

394 It is possible that a further reduction of establishment may be effected, especially in the Irrigation Branch, but no estimate of such reduction can now be made. Difficulty on the part of the Local Government in effecting reductions. Moreover, the Local Government, in fixing the number of officers to be employed in the Province, is affected by other considerations than its own interests, and is occasionally obliged to take on its list such officers as the Government of India may appoint to the Province. We may mention, in illustration of this, that, while we were in communication with the Bengal Government, two officers from Cooper's Hill were appointed to the Province, whose services are not needed, and that we are informed that another officer from the Seebpore College must be taken on at an early date. It is in any case clear that, with the reduced outlay on Public Works now contemplated, a considerable saving could be effected by employing in many places, where work is light, a cheaper agency for supervising works than the officers on the present pay of the Public Works Establishment. Without, however, reckoning any reduction that may hereafter be found feasible, it is roughly estimated

that of the total cost of the existing establishment Rs10,78,000 will fall as a charge on Provincial Civil Works, and we propose to allot this amount under this head in preparing the new Contract.

395 We consider that Rs50,000 will be found sufficient to provide for the probable outlay on Tools and Plant chargeable to Provincial Revenues and for the fluctuations of transactions in Suspense.

The Future Provincial Contract with Bengal

Public Works—Civil Works

396 The amounts entered under "Civil Officers" in the accounts of past years were chiefly required for the management of Feinies, but they also include considerable sums given as contributions to Municipalities. Excluding such special items, the amount actually expended last year, or ₹40,000, should be found sufficient to meet all obligatory expenditure under this head.

397 What may be termed the obligatory Civil Works expenditure of the Province will thus stand as under —

	₹
Repairs	12,22,000
Establishment	10,78,000
Tools and Plant 50,000, Civil Officers 40,000	90,000
TOTAL	23,90,000

398 We now turn to Original Works. The amounts needed for outlay on new Works, as entered in the statements laid before us, may be classified under two heads. Sums required to complete works in progress, and Requirements on account of new works sanctioned or proposed but not commenced.

399 The Balance needed to complete works in progress is—

	₹
Civil Buildings	3,80,072
Communications	19,354
TOTAL	3,99,426

400 The amounts required for works sanctioned or proposed are divided into urgent and ordinary, and may be abstracted as follows —

CIVIL BUILDINGS		
	Urgent ₹	Ordinary ₹
Collectors' and Magistrates' Court-houses, &c	8,85,679	6,08,232
Judges' Court-houses	3,35,490	1,41,490
Munsiffs' Court-houses	2,67,619	2,42,473
Circuit Houses	30,469	
Exercise Buildings	20,000	37,377
Secretariat „	3,595	1,12,293
Customs „		25,000
Museum	2,00,000	1,14,000
High Court Buildings	2,918	84,000
Small Cause Court Buildings	20,273	2,979
Sub divisional Buildings	1,46,292	4,88,336
Churches		2,500
Burial grounds	8,112	
Jails	2,97,983	6,10,682
Lock-ups	70,773	1,36,594
Registration Buildings		47,870
Police Buildings		1,63,906
Colleges and Schools	8,541	2,02,800
Hospitals and Dispensaries	64,407	3,44,801
Medical College and Schools		88,674
Lunatic Asylums		15,700
Miscellaneous Buildings	5,000	1,31,864
Public Works Buildings		1,97,737
TOTAL CIVIL BUILDINGS—Carried forward	23,67,186	38,34,313

The Future Provincial Contract with Bengal

Public Works—Civil Works

	Urgent ₹	Ordinary ₹
Brought forward	23,67,186	38,84,313

COMMUNICATIONS

Metalled and Bridged roads—

Grand Trunk road	84,093	
Calcutta roads		57,756
Himalayan roads	3,00,000	35,035
Roads in Local Board Districts where the Local Funds are insufficient to meet the outlay	2,05,996	.
TOTAL	5,90,089	92,791

Unmetalled roads—

Himalayan roads	1,41,200	
Roads in Local Board Districts where the Local Funds are insufficient to meet the outlay	95,378	3,37,413

Railway Feeder Roads—

Northern Bengal State Railway		2,00,000
Tarkessal Railway	75,000	
Bengal Central Railway	3,50,000	
Behar-Assam State Railway		1,50,000
Eastern Bengal State Railway		1,00,000
TOTAL	6,61,578	7,87,413

Accommodation for Travellers	20,466	
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TOTAL COMMUNICATIONS	12,72,133	8,80,204
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MISCELLANEOUS PUBLIC IMPROVEMENTS	16,578	
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TOTAL	36,56,197	47,14,517
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GRAND TOTAL 83,70,714

401 Including the outlay on works in progress the amount stated to be needed to complete sanctioned works comes to the large sum of ₹87,70,140

Average outlay during current and previous Contracts

402 In the Note we have received, it is pointed out that the average annual expenditure on Original Works during the existing Contract, 1882-83 to 1886-87, has amounted to ₹14,94,000. The average outlay on the same account during the previous Contract, 1877-78 to 1881-82, was ₹20,62,000. The average during the previous six years commencing 1871-72 amounted to ₹12,56,000. Thus the average outlay on Original Works during the sixteen years ending 1886-87 will amount to ₹15,82,000. It is now urged that the allowance on this account in the new Contract should not be placed at less than fifteen lakhs.

403 It may be freely admitted that the lists contain many important works, which should be carried out as soon as circumstances permit, and that this is especially the case in the matter of Railway feeder roads, which will tend to develop the resources of the country and will add to the revenue by increasing the Railway earnings. On the other hand, the lists appear to contain many works which may well

Necessity of retrenchment

The Future Provincial Contract with Bengal

Contributions to Local Funds

stand over until more favourable times. The outlay on Original Civil Works during the years, in which the Provincial balances were high, was very large. In 1881-82 and 1882-83 the outlay on Civil Works amounted to ₹42,30,000 and ₹38,03,000 respectively, in these two years ₹60,85,000 were expended on Civil Buildings and ₹17,03,000 on Communications. So much having been expended on Original Civil Works in the days of prosperity, it appears all the more possible to reduce the outlay under this head in times of financial pressure.

404. Considering the present necessity of curtailing all outlay as much as possible, the permanent Members of the Committee do not consider that the total grant for outlay on Civil Works in Bengal should, in preparing the new Contract, be placed at a higher figure than ₹31,00,000. Taking this sum as the total Provincial Public Works grant, its probable distribution may be placed as under —

	₹
Original Works	7,10,000
Repairs	12,22,000
Establishment	10,75,000
Civil Officers	40,000
Miscellaneous	50,000
TOTAL	31,00,000

Small as the amount here provided for Original Works may seem, it is more than has been allotted to this head in the last and the current years.

CONTRIBUTIONS TO LOCAL FUNDS

405. The details of the expenditure classified under this head are as follow —

	1883-84	1884-85	1885-86	1886-87, Budget
Payment to Road Cess Committees in respect of the collection of the Provincial Public Works Cess (see para 58)	50	56	50	47
Payment to Road Cess Committees of 1½ per cent of collections from Government Estates (see para 13)	36	12	39	62
Contributions to District Road Account in Deficit Districts—				
Chittagong Hill Tracts	15	10	10	54
Sonthal Pergunnahs	72	34	35	
Singbhoom	10	10	10	
Grants to District Road Funds for special Public Works	1,37	1,02	56	37
TOTAL	3,20	2,51	2,00	2,00

406. The first three of the above payments have to be provided for as permanent obligations, but the amount of the second is $\frac{3}{10}$ of 3,87 (58) as shown in para 14, and is not so much as 62.

The Future Provincial Contract with Bengal

Adjustments Conclusion

- 407 The last item is practically an addition to the Public Works expenditure of the Province, and need not be considered separately from it
- Item included in Public Works expenditure
- 408 The estimate is therefore to be taken at
47 + 58 + 54, or 1,59
- Total necessary provision

ADJUSTMENTS

409 We append to this Chapter three Statements, A, B, and C. The two former show the total and the Provincial share of all Provincial and divided heads according to the Budget of 1886-87, the total estimates of Revenue and Expenditure now adopted under the same heads, and the Provincial share of each, both according to the system now in force, and also under the system prescribed for the future Contract in the Government of India's letter No 2187, dated July 26th, 1886, Department of Finance and Commerce. Statement C gives full details of the expected receipts and working charges of the several Railways which now are, or which it is proposed to make, Provincial, and also shows the interest charge due on account of each.

410 We have assumed that the new Contract will annul all adjustments existing since 1882 in the current Contract on account of modifications in the distribution of revenue and expenditure. They amount to — 2 net, and are shown in Statement A only to facilitate comparison between the existing and the proposed Contracts. The new Contract will of course annul all special assignments made by the Imperial to the Provincial Government.

411 The inter-provincial adjustments, amounting to +1,28, and also shown in Statement A, mostly drop out of account. They will usually come in in the accounts of each year, as compensations for differences from the estimates. For example, if Bengal pays the leave allowance of a Madras officer, it will recoup the amount by inter-provincial adjustment, but as we have not included any such payments in our estimates, we have not to show separately the corresponding compensating adjustments. The only exception is the Bengal share of the duty on Shahjahanpur rum, originally levied in the North-Western Provinces at Rs4 per gallon, but transferred to the credit of the Provinces to which the rum is eventually transported for consumption. This may be taken at 84 (*vide* paragraph 75 of Chapter IV). Out of this sum a small portion properly appertains to Assam (*vide* paragraph 19 of Chapter IX) and must be transferred to that Province. The transfer will not, however, affect Imperial.

Inter provincial adjustments

Shahjahanpur rum

CONCLUSION

412 Columns 3 of Statements A and B show that the estimated Provincial Revenue of 1886-87 was 4,28,67, the estimated Provincial Expenditure 4,29,32, that is to say, the Provincial Budget exhibited a deficit of 65

The Future Provincial Contract with Bengal

Conclusion

413 Columns 4 and 5 of Statements A and B show our calculations of the probable future Revenue and Expenditure, as follows —

	Total	Provincial share as at present
	₹	₹
Revenue	8,00,60	1,30,00
Expenditure	4,77,82	1,10,38
	<hr/>	<hr/>
Surplus	4,18,51	11,52
	<hr/>	<hr/>

414 There is thus a Provincial surplus of 11,52, which may be resumed by the Imperial Government. The improvement in our estimate for the future over the current year's Budget is principally due to the following causes, viz, increased receipts under Excise (1,00), Jails (1,26), and Railways (3,22), and decreased expenditure under Survey and Settlement (78), Government Estates (67), General Administration (31), Jails (1,13), Education (1,46), Police (30), Superannuations (50), and Public Works (1,02). On the other hand, we have found it necessary to allow for increased expenditure under the head of Law and Justice, Courts (50), and for a decrease in the standard of revenue under Land Revenue (2,18) and Miscellaneous (80).

415 If it is thought that the reductions of expenditure which we suggest are too severe, it should be borne in mind that the Bengal Government has a right to recoup itself by throwing larger charges for Education and Medical Services on the Municipalities, whom it relieved, as mentioned in paragraph 196, of an expenditure of three lakhs of rupees on Police, without imposing on them, at the same time, any corresponding outlay on other objects.

416 The last columns of Statements A and B exhibit the Provincial Revenue and Expenditure calculated on the system which has been prescribed for the future Contract, as follows —

	₹
Revenue	1,72,70
Expenditure	4,59,56

417 The scale of the transactions is considerably increased, it will be noticed, on both sides of the account. This is due to the Provincialisation of the Eastern Bengal Railway and of the charges on account of embankments, to which the transfer of the Patna-Gya Railway to Imperial is a comparatively insignificant set-off.

418 The Provincial surplus of 13,14, which will thus exist, will have to be transferred to Imperial, by adjustment through the Land Revenue head, or in some other way. The gain to Imperial will, however, be confined to the annual sum of 11,52 (paragraph 414), for the transfers last noticed, of liabilities accompanied by the means of meeting them, will not affect the ultimate relations between Imperial and Provincial or the comparison between the old and new Contracts, and on whatever basis the Revenue and Expenditure are in future divided, the result will be the same as respects all those heads of the account, which have hitherto been either divided or wholly Provincial, namely, that as

The Future Provincial Contract with Bengal

Conclusion

compared with the present Contract there will be a benefit to Imperial of the sum of 11,52, as above shown, if the finances of the Provincial Government are left in equilibrium, as it is intended they should be

419. The Local Members, Colonel Salisbury Trevor and Mr R. H. Wilson, have, throughout our enquiries and throughout the preparation of this Note, been in close communication with us and have taken part in the discussions, which have led to the conclusions now adopted by us. We regret that on several points they dissent from recommendations made, and from conclusions arrived at, by the general Members. They have expressed their views in a dissent which we append in continuation of this Chapter.

CALCUTTA,

The 8th December 1886

The Future Provincial Contract with Bengal

A — STATEMENT OF EXPENDITURE

	BUDGET ESTIMATE OF 1886-87		ESTIMATE NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	
Civil Heads	R	R	P	R	R
Land Revenue (Divisible)	3,77,83	1,23,17	3,76,11	1,21,22	(a) 31,63
" (Provincial)	1,35	1,35	1,37	1,37	1,37
Salt (Rents and Miscellaneous)	1,20	1,20	1,20	1,20	1,20
Stamps	1,32,66	66,28	1,32,56	66,28	99,12
Excise	95,00	49,00	1,00,00	50,00	25,00
Provincial Rates (Provincial Class and Wards Rate)	39,17	39,17	39,93	39,93	39,93
Customs (Rents and Miscellaneous)	67	67	67	67	67
Assessed Taxes	36,00	7,60	39,00	7,60	19,00
Forests	7,20	3,60	7,00	3,60	3,60
Registration	12,10	6,05	12,10	6,05	6,05
TOTAL REVENUE HEADS	7,08,99	3,61,59	7,10,36	2,99,12	2,91,67
Interest (Provincial)	68	68	68	68	68
Law and Justice — Courts	7,65	7,65	7,65	7,65	7,65
" Jails	7,20	7,20	8,16	8,16	8,16
Police (excluding Railway Police)	7,06	7,06	7,06	7,06	7,06
Marine	8,18	8,18	8,18	8,18	8,18
Education	5,66	5,66	5,66	5,66	5,66
Medical	1,11	1,11	1,11	1,11	1,11
Scientific and Minor Departments	1,16	1,16	1,16	1,16	1,16
TOTAL CIVIL DEPARTMENTS	39,82	39,82	10,08	10,08	10,08
Superannuations (excluding Lapsed Funds)	19	19	19	19	19
Stationery	1,23	1,23	1,23	1,23	1,23
Miscellaneous (Provincial)	8,18	8,18	7,38	7,38	7,38
TOTAL MISCELLANEOUS	9,60	9,60	9,10	9,10	9,10
Total Civil Heads	7,58,38	3,50,29	7,60,23	3,48,98	3,41,43
Public Works					
Railways (Details in Statement C)	1,92,61	47,61	1,95,36	60,66	1,00,19
Irrigation and Navigation—					
Major Works—	13,30	13,30	13,30	13,30	13,30
Minor Works—					
Calcutta and Eastern Canals	5,70	5,70	5,70	5,70	5,70
Nudda Rivers	2,00	2,00	2,00	2,00	2,00
Other Revenues	1,01	1,01	1,71	1,71	1,71
TOTAL IRRIGATION &c	22,01	22,01	22,71	22,71	22,71
Civil Works	7,11	7,11	7,60	7,60	7,60
Total Public Works	1,32,12	77,12	1,35,60	81,10	1,30,49
TOTAL REVENUES	8,90,50	4,27,41	8,95,82	4,30,08	4,71,86
Adjustments—					
For various transfers of expenditure		—2		—2	
Inter Provincial (including share of duty on Shikharhpur rum)		+1,28	81	81	81
TOTAL RESOURCES	8,90,50	4,28,67	8,96,66	4,30,90	4,72,70

(a) The Government of India letter No. 2157 dated July 26th 1886 proposes the assignment of a fixed sum plus a quarter of the increase. We adopt in this statement the somewhat more convenient, but equivalent, course of assigning one quarter of the whole, minus a fixed sum.

The Future Provincial Contract with Bengal

B—STATEMENT OF REVENUE.

	BUDGET ESTIMATE OF 1886-87		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads	R	R	R	R	R
Refunds—					
Land Revenue	50	16	50	16	12
Divided Heads	1,78	89	1,78	89	1,23
Provincial Rates	7	7	7	7	7
Land Revenue—					
Survey and Settlement	5,75	1,86	3 30	1 08	90
Collectors and Establishments	27 08	27,08	27 08	27 08	27 08
Government Estates	3 57	3,57	2 00	2,00	2,90
Other Heads	2 84	2,84	2,88	2,88	2,88
Salt (Provincial Establishment)	19	19	11	11	11
Stamps	5 00	2,50	4,82	2 41	3,62
Excise	3 92	1,96	4 04	2 02	1,01
Customs	4 98	4 98	1 95	1,95	4,95
Assessed Taxes	3 65	45	1,70	45	85
Forests	1 70	2 35	4 50	2,25	2 25
Registration	6,37	3,18	6 22	3,11	3,11
TOTAL REVENUE HEADS	70 10	62 08	64 85	50 36	51,08
General Administration, (except Account office, and Bank charges)	15 59	15,59	15,28	15 28	15,28
Law and Justice, Courts	77,87	77,87	78 41	78,41	78,41
Law and Justice, Jails	18,11	18,11	17,28	17,28	17,28
Police (excluding Enst Indian Railway)	46 82	46 82	46 52	46 52	46,52
Marine	7 96	7,96	7,79	7 79	7 79
Education	33,92	33,92	32 46	32 46	32,46
Medical	14,50	14,50	14,26	14,26	14,26
Scientific and Minor Departments (except Archaeo- logical)	3,52	3 52	3 30	3 30	3 30
TOTAL CIVIL DEPARTMENTS	2 18 59	2 18,59	2,16 30	2,15 40	2,15,30
Superannuations	13 59	13,74	13 24	13 24	13,24
Stationery (except purchases for Central Stores)	10 98	10 98	10 98	10,98	10 98
Miscellaneous (Provincial items)	3 10	3,10	3,10	3,10	3,40
TOTAL MISCELLANEOUS	28 27	28,12	27,62	27,62	27,62
Total Civil Heads	3,17,26	2,08,70	3,07,77	2,93,28	2,94,00
Public Works					
Telegraph	1	1	1	1	1
Railways—					
Famine	15	15			
As in Statement C	88,50	51,30	91,81	54,36	87,32
Miscellaneous Railway Expenditure	60	60			
TOTAL RAILWAYS	89,25	52,05	91,81	54,36	87,32
Irrigation and Navigation—					
Major Works	34,14	34 14	34 14	34,14	34,14
Minor Works—					
Orissa Coast Canal	3,75	3,75			
Other new Works	25	25			
Maintenance Repairs, &c	5,27	5,27	5,00	5,00	5,00
Agricultural Works	6,56		6,50		6,50
TOTAL IRRIGATION, &c	49 97	43,41	45,64	39,11	45,64
Civil Works—					
Original Works	5 00	5,00	7,10	7,10	7,10
Repairs	13 50	13,50	12,22	12 22	12 22
Establishment	13,09	13 09	10,78	10,78	10,78
Civil Officers	1,06	1,06	40	40	40
Other Charges	41	41	50	50	50
TOTAL CIVIL WORKS	33,06	33,06	31,00	31,00	31,00
Total Public Works	1,72,29	1,28,53	1,08,46	1,24,51	1,63,97
Total Civil Heads and Public Works	4,89,55	4,27,32	4,76,23	4,17,79	4,57,97
Contributions to Local	2,00	2,00	1,59	1,59	1,59
GRAND TOTAL OF EXPENDITURE	4,91,55	4,29,32	4,77,82	4,19,38	4,59,56

The Future Provincial Contract with Bengal

C—RAILWAY TRANSACTIONS

	BUDGET OF 1886 S7		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	
	R	R	R	R	R
<i>Gross Earnings—</i>					
Northern Bengal	23,00	23,00	25,00	25,00	25,00
Tirhoot	13,75	13,75	14,70	14,70	14,70
Patna Gya	5,17	5,17	5,17	5,17	
Nalhati	77	77	79	79	79
Dacca Mymensingh	3,50	3,50	3,75	3,75	3,75
Kaunia Dharla	1,45	1,45	1,45	1,15	1,45
Eastern Bengal	55,00		54,50		54,50
TOTAL	1,02,64	47,64	1,05,36	50,86	1,00,19
<i>Working Expenses—</i>					
Northern Bengal	13,65	13,65	15,50	15,50	15,50
Tirhoot	9,00	9,00	9,20	9,20	9,20
Patna Gya	2,85	2,85	2,85	2,85	
Nalhati	65	65	65	65	65
Dacca Mymensingh	3,25	3,25	3,25	3,25	3,25
Kaunia Dharla	1,20	1,20	1,20	1,20	1,20
Eastern Bengal	28,35		29,50		29,50
TOTAL	58,95	30,60	62,15	32,65	59,30
<i>Interest Charges—</i>					
Northern Bengal	8,88	8,48	8,88	8,48	8,88
Tirhoot	5,85	5,84	5,85	5,84	5,85
Patna Gya	1,64	1,51	1,64	1,51	
Nalhati	14	14	14	14	14
Dacca Mymensingh	2,48	2,45	2,48	2,45	2,48
Kaunia Dharla	38		38		38
Assam Behar	3,32	3,29	3,32	3,29	3,32
Eastern Bengal	6,86		6,97		6,97
Diamond Harbour (adjustment)		—1,01			
TOTAL	29,55	20,70	29,66	21,71	28,02
Total of Working Expenses and Interest	88,50	51,30	91,81	54,36	87,32
<i>Net Return—</i>					
Northern Bengal	+47	+87	+62	+1,02	+62
Tirhoot	—1,10	—1,09	—35	—34	—35
Patna Gya	+68	+81	+68	+81	
Nalhati	—2	—2			
Dacca Mymensingh	—2,23	—2,20	—1,98	—1,95	—1,98
Kaunia Dharla	—13	+25	—13	+25	—13
Assam Behar	—3,32	—3,29	—3,32	—3,29	—3,32
Eastern Bengal	+19,79		+18,03		+18,03
Diamond Harbour (adjustment)		+1,01			
TOTAL	+14,14	—3,66	+13,55	—3,50	+12,87

The Future Provincial Contract with Bengal.

DISSENT BY THE LOCAL MEMBERS OF THE COMMITTEE

Certain specific points on which we differ from the permanent members are briefly noticed below. Speaking generally, we should have preferred in some cases, not specially noticed, to suggest enquiry, instead of expressing a definite opinion, and we cannot but think that Bengal has been perhaps unavoidably, but none the less really, placed at a disadvantage by the fact that the terms of the proposed new Contract are chiefly based upon the estimates of 1886-87, which, in consequence of circumstances that need not be discussed here, were cut down in some departments below the lowest point compatible with efficiency.

STAMPS

We doubt the expediency of amalgamating the office of Superintendent of Stamps and Stationery with the Collectorship of Customs, as proposed, till the two offices can be brought under one roof. The Collector of Customs cannot absent himself from his office during office hours, and consequently the control, which he could exercise over the work of the Stamp Office, except in the Correspondence Department, would be merely nominal. The savings which can be effected by good administration in the Stationery Office are very considerable, and in the Stamp Department the Superintendent has charge of stamps aggregating over 13 crores in value. Any retrenchment lessening the efficiency of the administration, or leaving more room than at present exists for the possibility of fraud would, we think, be a short-sighted economy. There is space in the Custom House premises for a Stamp and Stationery Office, with suitable godowns, but want of money during the last few years has made it impossible for the Local Government to provide the necessary accommodation. Para 39

FORESTS

We are not aware that there has been any intentional want of co-operation between the Northern Bengal State Railway and the Forest Department. It may have occasionally happened, in the course of the dealings between the two Departments, that slight differences of opinion have occurred, and this seems inevitable in all such transactions. But we do not think there is any ground for inferring that the financial advantage of the Province has been lost sight of. Para 107

REGISTRATION.

We should have preferred to suggest Rs700 and Rs500 as the salaries of the two Inspectors. Para 121

LAW AND JUSTICE.

We are decidedly of opinion that the salary of the Junior Presidency Magistrate should not be less than Rs1,000 a-month, and would prefer to retain the present figure Rs1,250, because we think it necessary that he should be an Para 160

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Dissent by the Local Members of the Committee

officer of sufficient standing to take up important work in the occasional absence of his colleague. Considering the enormous population and large area over which the Presidency Magistrates exercise jurisdiction, we consider the present scale of remuneration to be very moderate, and we deprecate any change tending to lower the status of the Bench.

Para 166

We dissent from the proposal to reduce the salaries of the Third and Fourth Judges of the Calcutta Small Cause Court from Rs1,300 and Rs1,125 to Rs1,000 and Rs800, because we are of opinion that the lower salaries proposed would not suffice to attract suitable men. There is no difficulty in finding Bengali gentlemen well-fitted for such posts, but they must be sought, we think, rather amongst Pleaders than in the regular Judicial Service, whose experience in the mofussil does not qualify them to deal with much of the work coming before a Small Cause Court in a great commercial centre like Calcutta. We feel much doubt whether the Suburban Small Cause Court at Sealdah has to deal with the same class of work as the Calcutta Court, and even if the statement in the Note on this subject be correct, it has still to be considered whether the work at Sealdah is satisfactorily done, and on this point we have no information. Even at Madras, where the area over which the Court's jurisdiction extends is, we believe, in great part agricultural, and where the money limit is Rs2,000, while in Calcutta it is Rs5,000, no Judge, as appears from the *Civil List*, receives a salary of less than Rs1,000, though the cost of living is there comparatively small.

JAILS

Para 167

If the cost of transport, including escorts, be taken into consideration, we doubt whether the abolition of district jails, as proposed, will result in so large a saving as is hoped for. The question, whether it is worth while to incur the inconvenience involved in leaving certain districts without separate jails for their own short-term prisoners, must depend on the amount of the saving to be effected, but that the inconvenience would be serious, we entertain no doubt.

POLICE

Para 201

The proposal to reduce the numerical strength of the staff of District Superintendents and Assistants is one which we cannot accept, as we are informed that even with the existing staff inexperienced Assistants have often to be placed in charge of districts. Again, the improved working of the Bengal Police in recent years is, we believe, in great part due to the frequent inspections, and these would not, in large districts, be possible without an Assistant to take a share in the work. The proposal to reduce the number of Assistants therefore seems to us to involve a sacrifice of efficiency to economy.

It may be as well to note here that when the terms, on which the Eastern Bengal Railway system is to be transferred to Bengal, have been finally settled, an assignment will be necessary on account of the Railway police costing at present Rs41,520.

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EDUCATION

The Note on this subject proposes to take credit in the Contract for certain suggested reductions of expenditure, but takes no account of the gradually increasing expenditure on primary education, necessitated by what we believe to be the policy adopted by Government after full consideration of the requirements of the province. Nor is any mention made of probable requirements under the head of technical education.

In regard to the points with which the Note deals, we are unable to concur Para 229 in some of the opinions expressed. The figures given in the annual reports, showing the number of schools visited by each inspecting officer, do not seem to us to justify the opinion that inspection in the higher grades is at present overdone, nor do we think that the information laid before the Committee furnishes sufficient grounds for the definite conclusion that the present general staff of 14 Inspectors and Assistant Inspectors could, without loss of efficiency, be reduced to 9. We find, however, that the Government of India, in paragraph 29 of its Resolution in the Home Department, dated 23rd October 1884, accepted the Education Commission's proposal that Native gentlemen of approved qualifications should be held eligible for the post of Inspector of Schools, and we are not aware of any reason why the number of Europeans employed in this capacity should be greater than is required in order to secure for a Director of Public Instruction the necessary preliminary training in administrative work. Again, there would seem to be reason for supposing that as the maintenance and management of Government schools and the distribution and payment of grants-in-aid are throughout the Province handed over to Local Bodies, the administrative work of the Department will be materially diminished. On the whole, therefore, it seems to us probable that some reduction in the strength and cost of the superior administrative staff might properly be effected, but we are unable to commit ourselves to a more precise opinion.

We are unable to concur in the proposal to abolish the Assistant Inspectorship of European Schools—an appointment created after full consideration little more than two years ago. There appears to be no reason for questioning the correctness of the Director of Public Instruction's opinion that the time of both the Inspector and the Assistant Inspector is fully occupied, and the proposal to hand over the work of inspecting European schools to Divisional Inspectors is hardly compatible with the employment in this capacity of Native gentlemen who could not be expected to examine in such subjects as Latin, French, and German, nor would their competency to examine European boys in the higher standards of English be admitted by the managers of schools. Para 229

The proposals made regarding colleges are of a very sweeping character. The Government of India, in paragraph 33 of the Resolution cited above, bearing date 23rd October 1884, endorsed the views on this subject of the Education Commission, which, in paragraph 343 of its report, recommended that Government should withdraw from the maintenance of the Behampore, Midnapore, and Chittagong Colleges without insisting on stringent guarantees for their continuance in a state of efficiency as independent or aided institutions, while in the case of Para 230

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the Rajshahye and Krishnagarh Colleges it held that they might be transferred with advantage to bodies of native gentlemen, provided the new managers give satisfactory guarantees that the college will be maintained permanently in full efficiency, and in such a way as to make it adequate for all the wants of the locality. In pursuance of this policy, the Midnapore College is being made over to the municipality of that place with a grant-in-aid, and the Berhampore College is to be closed on 1st April 1887, if no one before that time agrees to take it over. With respect to the Chittagong College, no action appears to have been taken, but the cost of this institution is so trifling that, from a financial point of view, the matter is of no importance. The permanent members, if we understand them rightly, now propose that withdrawal from the maintenance of the Rajshahye and Krishnagarh Colleges should be unconditionally resolved upon, and that the Hooghly and Dacca Colleges should also be placed in the same category with those at Berhampore, Midnapore, and Chittagong as institutions which Government may properly relinquish without requiring guarantees for their permanent maintenance in a state of efficiency. We assume this to be intended, because otherwise the calculations made regarding the savings to be effected during the next five years would obviously have no solid basis. The question how far Government is pledged to maintain the Rajshahye and Krishnagarh Colleges has not been considered, and no reason is given for setting aside the opinion on this subject, which has hitherto been accepted. The proposal to close or withdraw unconditionally from the maintenance of the Hooghly and Dacca Colleges is one, which cannot properly be considered solely from a financial point of view, and we do not feel called upon to express any positive opinion regarding it.

Para 232

It is further recommended that the Calcutta Madrasa and the Sanscrit College (so far as regards its English teaching up to the First Arts standard) should be amalgamated with the Presidency College. With respect to these proposals, some explanation is necessary. The Madrasa is a large school with 1,104 students on its rolls at the end of March 1886. The college department (to which alone the Note probably refers) was created in January 1884, and though the number of students has increased from 15 in March 1885 to 20 in March 1886, the institution is still in its infancy. Whether or not it should be relinquished, so soon after its formation, is a question involving political and other considerations, on which we do not feel justified in expressing a positive opinion, and in any case the saving would be very small. The students of the Sanscrit College pursue their English studies up to the First Arts standard in that institution, while in studying for the B.A. degree they attend the lectures delivered in the Presidency College. This arrangement was doubtless made for some practical reason, and we are unable to say whether it is susceptible of improvement, or whether any more economical arrangement could be made without detriment to efficiency.

Para 234

We concur with the permanent members in thinking it important that as colleges are abolished or handed over to local bodies, and as Native gentlemen take the place of Europeans in the inspecting staff, the normal strength of the graded services should be reduced, no vacancy being filled up till the

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service has been brought down to the reduced strength fixed upon as appropriate to the altered circumstances. But the calculations on this subject in the Note are, we think, in several respects open to criticism. They assume, as we are unable to do, that the colleges at Hooghly, Dacca, Rajshahye, and Krishnaganj are to be unconditionally abolished, as well as the Assistant Inspector of European Schools, and it is not considered that, even if the college department of the Calcutta Madrasa were abolished, a member of the higher graded service would still be required as Principal of the institution. The arithmetical calculations, too, seem to be open to question, since if two vacancies annually occur in a service of 40 members, a smaller number must be expected to occur each year as the strength of the service diminishes. Again, no account is taken of the necessity for a surplus staff to fill the places of men absent on furlough, or of the additional charge which must be incurred under the head of grants-in-aid, if the present Government colleges became aided institutions. On the whole, we think that till the whole subject has been treated with much more completeness than was possible in the short time at the Committee's disposal, it is premature to form any anticipations sufficiently confident to be taken as part of the basis of a financial contract.

RAILWAYS

In paragraph 334 it is stated that the provision to be made in the new Contract for the charge for interest on Railways will ultimately be determined in the Revised Estimate by the usual calculation upon the capital expenditure, and that meantime it is sufficient to take it as it stands in the Budget Estimate. On this point we think it necessary to place on record here that the Revised Estimate will not show the proper interest charge for which provision should be made in the new Contract. In the orders of the Government of India, Public Works Department, No 107A G, dated 24th March 1886, in which it was ruled that the recorded capital outlay on Railways should be increased by the amount of the accumulated loss by exchange on capital account up to date, and that the interest charge should be increased *pro tanto*, it was at the same time ruled that this increase of interest charge against Provincial Railways should not begin to take effect till 1887-88. There will therefore be no provision for it in the Revised Estimate of the current year. But obviously an allowance should be made for it in framing the new Contract. The amount which will require to be added to the interest charges of the current year on this account is given below —

	Past loss by Exchange	Additional Interest to be provided for
Northern Bengal State Railway	8,65	35
Tirhoot State Railway	8,75	35
Nalhati ditto	39	2
Dacca ditto	3,21	18
Kaunia and Dhurua State Railway		
Assam-Bihar ditto	2,32	9
Eastern Bengal ditto	2,50	10
TOTAL	25,82	1,04

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CIVIL WORKS

Para 391 We are of opinion that the proposed provision of Rs12,22,000 for repairs to Civil Works will not be sufficient, and in our opinion this contention is borne out by the figures quoted in the paragraph. They show that the expenditure on repairs has gone on increasing in each successive quinquennial period above that of the previous period, and they lead to the obvious inference that the expenditure of the next Contract will require to be larger than that of the current Contract. But whatever conclusion may be drawn from the figures, the fact remains that owing to the severe restrictions placed on expenditure during the past three years many of the metalled roads of the Province are now worn down to the soling and require heavy renewals.

Para 404 We think the proposed grant of 31 lakhs for Civil Works inadequate for the wants of the Province.

S. T. TREVOR
R. H. WILSON.

CALCUTTA,
The 11th December 1886

The Future Provincial Contract with Assam

Preliminary

CHAPTER IX

THE FUTURE PROVINCIAL CONTRACT WITH ASSAM

[Figures printed thus,—2,08—without designation, mean thousands of rupees]

PRELIMINARY

Appendix No VII to this Volume shows in detail the working of the Provincial Contract of 1882 in Assam. An abstract statement of receipts and expenditure is subjoined —

Statement of Provincial Revenue and Expenditure in Assam from 1882-83 to 1886-87

	REVENUE					EXPENDITURE				
	CIVIL		PUBLIC WORKS			Civil	PUBLIC WORKS			TOTAL
	Principal Revenue Heads	Other Departments	Ordinary	Railways, &c., not	TOTAL		Ordinary	Interest on Railway, &c., capital	Capital expenditure	
1	2	3	4	5	6	7	8	9	10	11
Average Assignment	33 90	2,94	20		42 04	30 62	10 33			40,95
1882-83	30 13	3 08	16		42,37	29,70	11,23			40 98
1883-84	41,32	3,41	10		44,83	31 82	12 47			45,35
1884-85	42,52	3,41	5	—3	45 95	32,76	11,78	58	4 89	50,01
1885-86 (Revised)	42,14	3,44	6	—5	45,59	32 15	8 48	1 00	2 71	44,34
1886-87 (Budget)	42,80	3,54	6	+1	46,41	33,83	14 17	1,05	48	49 53
Total five years	2,07,91	16,88	43	—7	2 25,15	1 60,26	58 18	2 63	9,14	2 30,21
Five times average Assignment	1,94 50	14 70	1,00		2,10,20	1,53,10	51,65			2,04,75

N B—For an explanation of the method by which the above figures are arrived at, see paragraph 10 of Chapter II, page 14

2 The Province started with a balance of 10,40, and as the assigned revenues exceeded by 1,09 the then estimate of the assigned expenditure, it would have had, if no change had occurred in the scale of Revenue and Expenditure, a balance at the end of the five years of 15,85

3 By increase of revenue over the scale of the assignment, the Province has benefited to the extent of 14,95. Of this, 3 lakhs is under the head of Land Revenue, 3½ lakhs under the head of Stamps, and nearly 6 lakhs under the head of Excise. The remainder comes for the most part under Civil Departments (chiefly Police), representing only receipts against new expenditure incurred

4 The 15,85 + 14,95, or 30,80 is thus accounted for—

Additions to Public Works Expenditure (including amounts spent through Local Boards)	6,53
Railway construction and Railway subsidies	11,77
Increase of Civil Expenditure	7,16
Special grant in 1886-87 to the Imperial Treasury	2,00
Final balance (as now estimated)	3,34
TOTAL	30,80

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Land Revenue

The third head, Increase of Civil Expenditure, includes 2,45 spent on Revenue Surveys, 2,86 spent on Police, chiefly Frontier Police (in addition to an increase of 1,05 for the last four years, or 4,20 in all, contributed by the Imperial Government and added to the assignment of the Provincial share of Land Revenue), 14 under Law and Justice, 30 under Education, and 1,48 under Medical

5 It has also to be noted that during the period of the contract the receipts from Local Rates have risen from 3,45 to 5,09 a year, and that, entirely outside the Provincial account, there has been to this extent an increase in the scale of expenditure, chiefly on Medical, Education, and Public Works

6 This introduction will show that, under those heads of expenditure in which the Local Government might be called on to justify an increase, there has been very little advance beyond the scale of 1882, the greater part of the increased resources of the Government having been devoted to Railways and Public Works. Except under these last-mentioned heads, our examination of the figures (which we proceed to take up, head by head) has mostly ended in our accepting the existing scale of expenditure as measured by the Budget Estimates, subject, of course, to the corrections which these figures will receive, when the Revised Estimates are prepared

LAND REVENUE

7 *Revenue*—The Receipts show a steady increase, the figures of four years to 1885-86 being 38,55, 39,47, 40,49 and 42,30. The Budget Estimate for 1886-87 was 41,38, being based on what has turned out to be a somewhat low Revised Estimate for 1885-86, but the Chief Commissioner says he sees no reason for taking the figure lower than 42,30.

8 *Expenditure*—Taking the two heads of Collectors' establishments and Charges for collection together, the figures are—

	1882-83	1883-84	1884-85	1885-86, Revised	1886-87, Budget
Collectors' establishments	1,60	4,77	4,86	5,08	5,35
Charges for collection	3,11	2,88	2,67	2,63	2,59
TOTAL	8,01	7,65	7,53	7,71	7,94

Appointment of new Tehsildars. There has been a continual transfer of certain charges from the latter to the former of these heads, owing to the substitution of Tehsildars on fixed salaries for the Mauzadars, who are paid by commission, for collecting the Revenue. Ten new Tehsildars have been created in the place of about sixty Mauzadars, and the result has been a saving of about 18

9 If we take 7,60 as the standard of expenditure in 1883-84 and 1884-85, we have to account for an increase of 11 in 1885-86 and of 34 in 1886-87 over this standard. Of this last about 14 comes under Salaries and 8 is due to transfer from Registration of the charges for Record-room management. The question about "Salaries" is practically whether the

Increase over standard of 1883-85 Appointment of Additional Sub Deputy Collectors

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Stamps

amount written off as "probable savings" sufficiently represents the real difference between full scale and actual cost, and this seems doubtful. But part of the increase is real and is due to the appointment of Sub-Deputy Collectors, of whom the number has risen in three years from four to twelve, and of whom it is intended to appoint four more.

10 The Chief Commissioner asks for the full assignment of 7,94, less an increase of 11 in Contingencies, of which he says he has been unable to ascertain the cause, but which is really due to the Record-room charges above quoted. It seems clear that the Budget Estimate of 7,94 is too high, and that the Revised will probably only amount to about 7,80, for both heads. But, as any change in the Budget figure depends on consideration of the Revised Estimate, we may meantime take the Budget figure.

11 It is to be noted that the "Charges for collection" are at present proportionally divided between Imperial and Provincial, but since, as above explained, they are being gradually extinguished, new charges under the entirely Provincial head of "Collectors' Establishments" being substituted for them, it seems advisable, in future, to make them entirely Provincial.

Survey and Settlement

12 The charges under the head of Survey and Settlement represent—

- (1) The employment of a Party on Cadastral Survey, which cost 1,30 in 1884-85, and 1,22 (Revised Estimate) in 1885-86. The Budget Estimate for 1886-87 is a little higher (1,39), but may be accepted pending Revised.
- (2) A Settlement Party under an Extra Assistant Commissioner costing about 50.
- (3) A Waste Land Survey costing 9.

13 The Survey and Settlement are directly under the Director of Agriculture and form the most important of his duties. They are likely to continue during the whole of the next five years. Apart from their necessity for the better administration of Land Revenue, and for the maintenance of a correct Record of Rights, they are directly productive to an extent sufficient to justify their cost. The increased Revenue produced in 1884-85 was Rs. 8,359 and in 1885-86, Rs. 10,493—a return of about 6 per cent on the expenditure, and a rise of from 5 to 7 per cent above the former Land Revenue of the surveyed areas. The Waste Land Survey is temporary only, or, if continued, will be a recoverable charge.

14 The amount to be granted under this head is therefore 9 less than the Budget Estimate, or, when the Revised comes in, 9 less than the Revised. This is the measure of the Chief Commissioner's demand.

Other charges

15 A small sum of 1 has to be provided for Rents, &c.

STAMPS

16 *Revenue*—The stamp revenue shows a small but steady increase and may be taken at the Budget figure.

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Excise Assessed Taxes Forests

17 *Expenditure*—The Budget figure may also be taken for the expenditure, which is a little less than the expenditure of 1885 and 1886, because during part of those years an excessive discount was allowed upon Court-fee stamps. The rate has now been reduced to three pies per rupee. The sale charges are almost entirely discount, as there are no salaried vendors in Assam. The Assam rules follow Bengal in allowing discount on Court-fee stamps up to a value of Rs75. Rs50 is the usual limit in other Provinces, and should be adopted in future.

EXCISE

18 *Revenue*—Here, too, the Revenue, of which over three quarters come from opium, shows a steady and slightly increasing figure. We take the Budget Estimate pending the Revised. A very slight falling off has appeared in the last year, into which the Chief Commissioner states that he is enquiring.

19 The two distilleries in Assam were protected by having only to pay the light duty of Rs2 per gallon when the duty was raised to Rs4 per gallon, they were closed, being unable to compete with the rum distilled at Sháhrahánpur and Cossipur. The duty on that rum is now received by Bengal, and should in future be transferred to Assam. We have not the exact figures at present, but they will be obtained before the Revised Estimates are sent in and in good time for the settlement of the Contract. Whatever is added in this way to Assam is taken from Bengal and does not affect the Imperial Revenue.

20 *Expenditure*—On the Expenditure side, the charges are composed of 2½ for share of Superintendence, and 5½ for District Establishments, mostly peons. Besides this, the work of supervising the payments of licensees does in fact, we understand, employ the whole time of an excise clerk in each District, and it would be better that he should be shown under the proper head, instead of, as now, under Land Revenue.

ASSESSED TAXES

21 The License Tax was not in force in Assam, and thus, of the receipts and expenditure on account of the Income Tax, no part is at present shown in the Provincial column. The Budget Estimate for 1886-87 is 1,80 Receipts and 5 Expenditure, which may be accepted pending Revised.

FORESTS

22 The Government forests in Assam are a property, for the produce of which there is as yet hardly any effective demand. The expenditure is of a preliminary kind—Roads and Buildings, Survey and Demarcation, Fire-protection, and experimental planting. Meantime enough revenue is realised, chiefly by the export of timber removed by contractors from the districts nearest to Bengal, to just cover the cost of the Department. The figures of the last three years have been—

	1883-84	1884-85	1885-86
Revenue	2,11	1,80	1,97
Expenditure	1,97	1,97	2,11

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Registration Refunds General Administration

23 We think that the Forest expenditure should be limited by the Forest income. The Budget Estimates of every year of the Future estimates Contract have expressed this intention, though in the last two years it has not been realised. We would provide under this head, 2,10 *minus* 2,00, as against the Budget of 1886-87, which is 2,25 to 2,05

REGISTRATION

24 The Budget figures are small, namely, 33 Revenue and 23 Expenditure, both a little higher than the past, but in their net result much the same. We take the figures as they stand.

REFUNDS

25 The averages of three past years (including the Revised of 1885-86) are 7 for Land Revenue, 6 for Stamps, 2 for Excise, and 1 for Forests. There seems no reason to take higher figures than these.

GENERAL ADMINISTRATION

26 The figures under this head require a little examination, because the Chief Commissioner and establishments are on so moderate a scale that an "acting" arrangement often produces an appreciable difference on the whole amount. For the Chief Commissioner's salary we must allow the full scale of 48, and for his tour expenses 7. The Secretariat cost R81,541 in 1883-84, R75,757 in 1884-85, and R77,400 in 1885-86 (Revised). In none of these years were the full salaries of the Secretary and Assistant Secretary paid, but the figure of 1883-84 was enhanced by about R3,000 of extra contingent charges. The Budget of 1886-87, which provides for the full scale of salary and apparently a little more than will be spent on establishment, stands at R80,600, and the Chief Commissioner proposes R80,000 for the assignment. This seems a proper amount, even though there may, in consequence of "acting" arrangements, be a saving in the Revised

27 The same considerations apply in fixing the amount to be assigned for the Commissioner and his establishment, which we take at the Chief Commissioner's estimate of R56,000. The Secretariat establishment consists of 32 men on an average salary of R100 a month, and the Commissioner's of 26 men on an average salary of about R60. Both these, and especially the last, are more numerous than the corresponding establishments in Burma and the Central Provinces, but the form of the administration (one Commissioner in Assam against four in Burma and four in the Central Provinces) appears to adequately explain the excess in the Secretariat, and the Commissioner has to perform Revenue and Judicial functions in six districts, a larger Division than any in the other two Provinces referred to.

28 Two other small charges of R1,200 and R200 make up the estimate. The total comes to R1,95,400, or, in round figures, say, 1,95

29 We insert here a suggestion that the Deputy Commissionership of the Naga Hills and the Manipur Political Agency might be amalgamated. The work of the two appointments is very similar in its nature, requiring firmness, physical energy, and the gift of understanding and governing savage races. The tribes, who inhabit the Naga Hills, have now to a great extent settled down

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Law and Justice, Courts and Jails

and accepted British rule, the country has been opened up by roads, and Kohima is connected by a good riding road with Manipur. The administrative, judicial, and revenue work in the Naga Hills is very light, and the ordinary political work in Manipur is extremely so. If the present Chief Commissioners agree and the Government of India accepts the proposal, the present would be a convenient time for the amalgamation, as the post of Deputy Commissioner is vacant. We think an additional Assistant Commissioner might be granted and one Deputy Commissioner in the Assam Commission reduced. There would not be much economy except that caused by the difference in the salaries, as the small clerical establishments in the two places would have to be retained.

LAW AND JUSTICE, COURTS

30 *Expenditure*—The Budget Estimate under Civil and Sessions Courts seems to be a little overstated. The actuals of 1883-84 and 1884-85 were 1,33½ and 1,32½, but the provision is increased to 1,38 in the Budget by the addition of 5 to the process-serving charges. Half the amount is salaries of a Judge, subordinate Judge and nine Munsiffs, and another quarter of it is process-serving charges, and therefore recoverable. We may take the Budget figure and expect it to be reduced a little in the Revised.

31 The expenditure provided in the Budget under Criminal Courts shows the same increase of 14 under Salaries, which has been remarked on under "Land Revenue," and a further increase of about 6 under Contingencies, which the Chief Commissioner in his Note states to be unnecessary. Both these increases ought, for the most part, to disappear in the Revised Estimate, pending which we may take the Budget Estimate of 3,94.

32 The remaining charges in the Budget come to 17 for Refunds, 4 for Government pleaders, and 1 for Rents, all of which closely correspond with the actuals of 1883-84 and 1884-85 (except that refunds came to only 13½ in 1883-84).

33 *Receipts*—The receipts amounted to 80 in 1883-84, 79 in 1884-85. The Budget provides 74, which may be taken pending the Revised.

34 The estimate on the whole head accordingly is accepted at Budget figures, namely, 5,54 for Expenditure and 74 for Receipts.

LAW AND JUSTICE, JAILS

35 The figures under this head are as follows—

	1883-84	1884-85	1885-86, Revised	1886-87, Budget	Chief Commissioner's proposal
Manufactures—					
Receipts	72	84	73	85	85
Expenditure	23	18	19	24	21
Other charges	90	94	86	1,06	93
Other receipts		1	1	1	1

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Police

36 We have shown here the figures proposed in the Chief Commissioner's Note, because in that Note he points out, correctly as it seems to us, that the expenditure was, in the Budget, placed at too high a figure. We think his figures as to expenditure may be accepted, but as regards receipts, they may turn out to be a little too high. The Budget provided for the realisation in 1886-87 of certain receipts due for 1885-86, and unless 1885-86 and 1886-87 together show an average of 85, it seems doubtful if the figures should be placed so high. We take them, meantime, with the rest of the Chief Commissioner's estimates.

POLICE

37 *Expenditure* —The Police expenditure of the Province during the term of the Contract has expanded from 7,69 in 1882-83 to 9,74 in the Estimate of 1886-87, mainly through the organisation of a Frontier Police Force, towards which the Government of India gave an additional annual assignment of 1,05, leaving the rest of the cost to be borne by the Province. The Chief Commissioner proposes an assignment of 10,00, as, though he reduces by 10 the estimate for ordinary Police, he adds 30 to the charge for the Frontier Force, explaining that the force is still short of sanctioned strength, and that he is being pressed to increase it by some two hundred men.

38 Excluding the Frontier Force, which was not shown separately till 1884-85, the expenditure has been 4,55 in 1881-85, 4,76 in 1885-86 (Revised), and 4,84 in 1886-87 (Budget). According to the estimates there has been no increase in the strength of the force, and from a comparison of recent estimates with recent actuals it would appear likely that a considerable share of the increase in the Estimates will disappear in savings, when the accounts are made up. The District and Assistant Superintendents do not, however, belong to a separate service, but are transferred from Bengal, and the Province is liable at any time to have to pay for a more expensive set of officers, if a larger proportion of senior men are sent to it. As above remarked, a little alteration of this kind may have a serious effect on the finances of so small a Province. It seems best, therefore, to take the Budget figures, subject to the Revised Estimate. We have considered whether the Rs. 1,100 provided for the maintenance of the *Kestrel* might be retrenched. This steam launch was provided for the use of the Inspector-General of Police before the daily steamer service on the Brahmaputra existed, and we think that, though it may on rare occasions be useful, it can no longer be necessary. As, however, the Chief Commissioner protests against this retrenchment as injurious to efficiency, we do not enforce our suggestion by excluding the sum from the Contract. It seems sufficient to allow 4,75 under the head of Civil Police, against the Chief Commissioner's demand of 4,80, and it is possible that examination of actuals may reduce it to 4,65.

39 The Frontier Force is of a somewhat special character and we admit the claim to 5,20. It is contrary to our custom to allow for any increase of expenditure, but considering that, if the Frontier Police is made completely efficient, it will enable the Government of India to withdraw at least one of the four regiments now stationed in Assam, we think the provision of this sum will be really economical. The expenditure figure will therefore be $5,20 + 4,75 = 9,95$.

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Marine Education

40 *Receipts*—Under Receipts, the Chief Commissioner proposes an estimate of 1,10 against 1,16 in the Revised of 1885-86 Budget Estimate accepted, and in the Budget of 1886-87. The actuals of 1885-86 were 1,19, and though they included some irregular receipts quoted by the Chief Commissioner, there is no reason to think that Cattle-trespass fines and Clothing recoveries will cease to expand. Especially as the Chief Commissioner has expressly estimated for considerable expansion upon the expenditure side, we would not go below the 1,16 of the Budget.

41 The cost of the Police charges taken over from the Municipalities in 1882 and 1883 was Rs11,457 and the entire charges borne by the Government for sanitation, medical relief, and primary education, were transferred to the Municipalities at the same time. The total charges thus transferred amounted to Rs9,540, so that they did not in all cases equal the charges taken over, but the responsibility of the Municipalities, to spend up to the amount of which they were relieved, has been recognised and impressed upon them.

MARINE

42 *Expenditure*—The main charges under this head are subsidies to Steamer Companies for accelerated services Rs35,000 are paid on this account on the Brahmaputra, and an arrangement has been made to pay Rs20,000 on account of a similar service on the Sylhet river.

43 The remaining charges are for the maintenance of two steamers, the *Lark* and the *Cygnets*, at about Rs9,000 each (one of these items was omitted from the Budget of 1886-87), Pilotage Rs1,000, and Miscellaneous, say, another Rs1,000, total Rs20,000.

44 There was a third provincial steamer, the *Dove*, but for her no provision has been made, as she is utilised by the Cheira Mountain Railway, to run between the temporary terminus and Chatak.

45 The *Cygnets* and *Lark* are employed on political work, plying between Dibrugarh and Sadiya, carrying provisions and stores for the troops and Frontier Police at the latter place.

46 We allow therefore Rs55,000 for steamer subsidies, and Rs20,000 for the two Government steamers.

47 *Receipts*—The receipts are small and may be taken at the Budget Estimate of 4.

EDUCATION

48 There has been a small increase both of receipts and of expenditure under this head, the Provincial part of the figures being—

	1882-83	1884-85	1886-87, Budget
Receipts	31	38	39
Expenditure	159	164	188

49 *Expenditure*—A great part of the increase from 1884-85 to 1886-87 is under the head of Salaries, the Inspector costing Rs4,000 more and masters of schools another Rs6,000. Then there is an increase of Rs8,000 under "Miscellaneous," of which 3 arises from the inclusion of "Registration of Books" under this head.

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Medical Scientific and Minor Departments

50 The charge for the Inspector depends upon the grade of the officer holding the appointment. The permanent incumbent draws less by Rs500 per mensem than the officer who has been officiating for him for half of the current year, and there will be a future decrease of 3 on this account alone, below the actual expenditure of 1886-87.

51 There seems reason to consider the Budget Estimate of 1,88 excessive by more than the 3, which the Chief Commissioner in his Note admits. We may take the Budget figure of 1,88 pending the Revised Estimate, which will be further reduced by 3 on account of the Inspector's salary.

52. Some questions of reduction of expenditure are before the Chief Commissioner, but as Local Funds provide nearly as much expenditure as Provincial and have borne a very much larger share of the increase on the whole expenditure in the Province, we do not raise objection to the increase of Provincial expenditure since 1882-83. The whole increase is shown by the Inspector to have been strictly proportional to the number of scholars taught.

MEDICAL

53 *Expenditure* —The Medical charges of the Province have increased from 1,20 in 1882-83 to 1,45 in the estimates for 1886-87 and this last figure the Chief Commissioner states to be in excess by 5. The expenditure of 1885-86 was 1,33½, and the excess over this in the estimates is mainly by reason of full provision being made for salaries, which will not really be paid.

54 The number of Hospitals and Dispensaries has increased from 28 to 49, but the Local Funds have borne a larger share of the increased cost than the Provincial. The same may be said of Vaccination, where the Provincial charges have increased from 3 to 7.

55 We note a proposed increase of expenditure on the appointment of a Civil Surgeon, Shillong. Civil Surgeon to Shillong, where the duties have hitherto been adequately discharged by the medical officer of the regiment stationed there. We do not know the reason of this increase, and do not consider it necessary to make special provision for it.

56 Apart from this and viewing the large increase of Local expenditure on "Medical," we do not consider the present scale of expenditure too large to allow, and pending the Revised Estimate, which will probably shew a smaller figure, we take the Chief Commissioner's estimate of 1,40.

57 *Receipts* —The receipts are very small, only Rs1,000.

58 The Chief Commissioner notices, however, the failure of Municipalities and of private individuals to give adequate support to the Hospitals and Dispensaries, while expecting to reap all the advantages of them, and he states that he is taking measures to remedy this. The benefit, it is understood, will, for the most part, accrue to Local, not to Provincial.

SCIENTIFIC AND MINOR DEPARTMENTS

59 This charge was 26 in 1885-86, and is estimated at 27 for 1886-87, but the Chief Commissioner makes for the future an estimate of 26. The principal part of the charge is 12 for the salary and 7 for the other charges of the Director of Agriculture.

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Superannuation Allowances and Pensions Stationery and Printing Miscellaneous
Public Works—Civil Works

a charge which, as in the other Provinces, we consider it necessary to provide for. We accept the Chief Commissioner's estimates of 26 for Expenditure and of 1 for Receipts.

SUPERANNUATION ALLOWANCES AND PENSIONS (a)

60 The charges are slightly increasing, and we take the Budget Estimates of 60 for Expenditure and of 3 for Receipts.

STATIONERY AND PRINTING

61 The Budget for 1886-87 provides for 68 against an expenditure of 68 and 72 in 1883-84 and 1884-85 (in which years special expenditure was incurred on machinery for the Secretariat press) and 60 in 1885-86. The increase of work in all Departments amply accounts for the increase in cost under this head, and we accept the Budget Estimates of 68 for Expenditure and of 4 for Receipts.

MISCELLANEOUS

62 *Expenditure*—The expenditure charged to Provincial consists of a number of small items. The three years 1883-84, 1884-85, and 1885-86 showed 20½, 15½, and 19 (Revised). We may therefore take the Budget Estimate of 19.

63 *Receipts*—On the Receipt side, Unclaimed deposits bring in 15 to 18, and other items bring up the account to 25, which is the Budget Estimate and which we adopt for the present.

PUBLIC WORKS

CIVIL WORKS

64 *Expenditure*—The discussion of the assignment to be made under this head must be preceded by a statement of the Revenue and Expenditure classified as Local. The account of Local for the five years stands as follows—

Statement showing Local Receipts and Expenditure in Assam from 1882-83 to 1886-87

	1883-84	1884-85	1885-86	1886-87	1887-88
				Revised	Budget
<i>Receipts</i> —					
Provincial Rates	3,41	4,02	4,27	5,15	5,09
Miscellaneous	10	15	16	15	17
Civil Works	1,11	1,06	1,33	1,69	1,05
TOTAL	4,65	5,23	5,76	6,99	6,31
<i>Expenditure</i> —					
Refunds	2				
Provincial Rates	10	4	5	5	5
Post Office	18	22	27	30	35
Education	93	1,16	1,31	1,50	1,68
Medical and Scientific	4	8	10	18	36
Miscellaneous	42	41	44	43	44
Civil Works	9,10	11,10	9,58	7,40	10,12
TOTAL	10,79	13,01	11,75	9,86	13,00
Deficit made up by Provincial	6,14	7,78	5,99	3,47	6,69

65 The relations between Provincial and Local are these. Provincial has made over to Local management certain definite heads of Expenditure and Receipts, the former total largely exceeding the latter, because all roads, and all but a few important Civil Buildings, in the eight districts in which Local

(a) We retain this head as Provincial, for the reasons given in paragraph 182 of Chapter VI, page 155.

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Public Works—Civil Works

Boards exist, have been localised Putting the Public Works aside, the Local Boards' accounts on all other heads would stand thus —

Receipt	4 65	5,24	5,77	6 39	6,31
Expenditure on Local Heads, omitting Public Works	1,69	1,91	2,17	2,46	2 88
Surplus	2,96	3,33	3 60	3,93	3,43(a)

(a) The Chief Commissioner reckons this as under estimated by 21

66 This surplus the Local Bodies devote to Civil Public Works, as far as it will go, and the deficit is made up by the Provincial Government by an annual grant. Evidently therefore the amounts so granted are just as much Provincial Public Works expenditure as that directly undertaken by the Provincial authority

67 The actual Expenditure on Public Works during the five years is shown in the subjoined statement. It must be understood that the figures opposite Provincial Public Works indicate expenditure on the roads and buildings in the three Hill Districts and Manipur, and on the few Civil Buildings not localised in the eight Valley Districts, while the figures opposite Contributions indicate the grants made to help the Local Boards to meet their expenditure on roads and petty buildings in the eight Valley Districts. Moreover, the whole cost of the establishment which carries out Public Works, whether Provincial or Local, is shown against Provincial

Statement showing the total Provincial and Local expenditure in Assam on Civil Works from 1882-83 to 1886-87

	1881 82 Assignment	1882 83	1883 84	1884 85	1885-86	1886 87 (Budget)
Provincial Public Works	7,18	5,15	4 70	5,80	5,01	7,48
Contributions	3,16	6,14	7,77	5 98	3,17	6 69
TOTAL PROVINCIAL	10,34	11 29	12,47	11,78	8,48	14,17
Add Expenditure from Local Funds		2 96	3,33	3,60	3 93	3,43
GRAND TOTAL		11,25	15,80	15,38	12,41	17,60

68 We have not received the detailed explanation of this expenditure for all the past years, but the following figures have been received for two years —

	1883 84	1884 85
Original Works	8,61	8,10
Repairs	3,73	3,98
Establishment	3,30	3,03
Miscellaneous	16	27
	15,80	15,38

69 The obligatory expenditure on Repairs, Establishment, and Miscellaneous comes to about 7 lakhs of rupees, and if all Original Works were to be stopped, or if the grant were to be largely cut down, a heavy reduction might be effected. But it would be unwise to treat an exceptionally backward Province like Assam on this principle, and

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Public Works—Railways Adjustments Conclusion

we cannot recommend any greater reduction than will be effected by putting the Province back to where it stood in 1881-82, at the commencement of the current Contract, when its expenditure was 10,34. We estimate the Provincial Public Works figure at 5,00 and the contribution to Local Funds at 5,34. Allowing for an expenditure of 3,60 from Local Funds (which are steadily increasing at a slow rate), this provides a total expenditure on Public Works in the Province of 14 lakhs. The Chief Commissioner in his Note expresses a hope that the Contract may be so arranged as to allow for an expenditure of 15½ lakhs, but we do not see how this can be effected, if the Imperial Treasury is to reap any further benefit from the increase of revenue which has accrued during the last five years.

70 *Receipts*—There are some small Provincial Receipts which we may take at the Budget figure of 6.

RAILWAYS

71 We have to provide for a subsidy of 1,00 to the Dibrugarh Railway according to the original agreement, and for an expenditure of 5, added in consequence of an arrangement about auditing the accounts. The subsidy (1,00) is the maximum payable to the Company, and when the railway becomes a little older, we may reasonably expect the amount of this obligation to decrease.

72 The capital expenditure on the Jorhat Railway is complete, that on the Cherra Railway nearly so. The receipts from working do not more than meet the revenue expenditure, and we may take, for form's sake, a lakh on both sides. While writing this, we received information from the Chief Commissioner that unexpected difficulties and calamities on the Cherra Mountain line have necessitated the preparation of a Revised Estimate, according to which a further expenditure of 2½ lakhs is required. If this is sanctioned by the Government of India, a special grant for the amount will have to be made, pending which we make no provision for it in the future Contract.

ADJUSTMENTS

73 We have assumed that the new Contract will annul all adjustments made since 1882 in the current Contract on account of modifications in the distribution of revenue and expenditure. They amount to 63 net, and are shown in the appended Statement A only to facilitate comparison between the existing and the proposed Contracts.

74 The inter-provincial adjustments, amounting to —30, also shown in Statement A, necessarily drop out of account. They will come in in the accounts of each year, as compensations for differences from the estimates, for example, if Assam pays the leave allowance of a Bengal officer, it will recoup the amount by inter-provincial adjustment, but, as we have not included any such payments in our estimates, we have not to show separately the corresponding compensating adjustments.

CONCLUSION

75 We append to this chapter two Statements, A and B, which show the total and the Provincial share of all Provincial and divided heads according to the Budget of 1886-87, the total estimates of revenue and expenditure now

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Conclusion

adopted under the same heads, and the Provincial share of each, both according to the system now in force, and also under the system prescribed for the future Contract in the Government of India's letter No 2187, dated July 26th, 1886, Department of Finance and Commerce

76 Columns 3 of these Statements show that the estimated Provincial revenue of 1886-87 was 47,26, the estimated Provincial expenditure 50,38, that is to say, the Provincial Budget exhibited a deficit of 3,12, to be made good by a corresponding reduction of the Provincial balance. The reduction in the original is 5,12, as it includes the 2,00 specially contributed in 1886-87 from Provincial to Imperial

77 Columns 4 and 5 of Statements A and B show our calculations of the probable future revenue and expenditure, as follows —

	Total	Provincial share as at present
Revenue	₹ 81,37	₹ 48,20
Expenditure	49,46	46,34
	<u>31,91</u>	<u>1,86</u>
SURPLUS		

78 There is thus a Provincial surplus of 1,86, which may be resumed by the Imperial Government. With some trifling exceptions, the whole of the decreases of expenditure which lead to this result are under the head of Public Works (48 under Railways—Capital and 3,83 under Civil Works, including contributions to Local). On the other hand, there are increases of 22 under Police, and of 29 under Marine. The increase of revenue is almost entirely under the head of Land Revenue.

79 The last columns of the two Statements exhibit the Provincial revenue and expenditure calculated on the system which has been prescribed for the future Contract, as follows —

New system of distribution	Revenue	₹ 28,80
	Expenditure	„ 46,66

80 The deficit of 17,86 which will thus exist will have to be met by a contribution from Imperial to Provincial, to be adjusted either through the Land Revenue head or in some other way. On whatever basis the revenue and expenditure are divided under the new Contract, the result will be the same, namely, that, as compared with the present Contract, there will be a benefit to Imperial of 1,86, if the finances of the Provincial Government are left in a state of equilibrium, as it is intended they should be.

81 It is obvious that the recent orders, under which the Provincial share of increase in Land Revenue and Excise is only one quarter, severely affect so small a Province as Assam. These are the chief sources of improvement in Revenue, and careful management can do so much to enhance the outturn in these Departments, that it seems to us unwise to destroy the stimulus of self-interest by giving the Province a share in their growth which hardly amounts to an appreciable sum. We recommend that in the case of Assam, if not elsewhere, the Government of India should reconsider the orders it has issued on this subject.

CALCUTTA,
The 19th November 1886

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A—STATEMENT OF REVENUE

	BUDGET ESTIMATE OF 1896-97		ESTIMATE NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
Civil Heads	R	R	R	R	R
Land Revenue	41,38	26,08	42,30	26 66	(a)10,58
Stamps	7 89	3,91	7,89	3,91	5 92
Excise	22,30	11,15	22,30	11,15	5,58
Assessed Taxes	1,80	1,80	1,80		90
Forests	2,25	1,13	2,10	1,05	1,05
Registration	33	17	33	17	17
TOTAL REVENUE HEADS	75 95	42 17	76,72	42,97	24,20
Intorest	6	1	6	1	1
Law and Justice, Courts	74	74	74	74	74
Ditto, Jails	86	86	86	86	86
Police	1,16	1,16	1 16	1,16	1,16
Marine	4	4	4	4	4
Education	39	39	39	39	39
Medical	1	1	1	1	1
Scientific Departments (Provincial)	1	1	1	1	1
TOTAL CIVIL DEPARTMENTS	3,21	3,21	3,21	3,21	3,21
Superannuations (Provincial)	3	3	3	3	3
Stationery	1	4	1	4	4
Miscellaneous (Provincial)	25	25	25	25	25
TOTAL MISCELLANEOUS	32	32	32	32	32
Total Civil Heads	79,54	46,01	80,31	46,51	27,74
Public Works					
Railways, Revenue Account	86	86	1 00	1,00	1,00
Civil Works	6	6	6	6	6
Total Public Works	92	92	1,08	1,08	1,08
TOTAL REVENUES	80,46	46,93	81,37	47,57	28,80
Adjustments—					
Transfers of Expenditure		63		63	
Inter provincial Adjustments		—30			
TOTAL RESOURCES	80,46	47,28	81,37	48,20	28,80

(a) The Government of India letter No 2187, dated 26th July 1886, proposes the assignment of a fixed sum plus a quarter of the increase. We adopt in this statement the somewhat more convenient but equivalent course of assigning one quarter of the whole, plus or minus a fixed sum.

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B—STATEMENT OF EXPENDITURE

	BUDGET ESTIMATE OF 1886-87		ESTIMATE NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
1	2	3	4	5	6
	R	R	R	R	R
Civil Heads					
Refunds—					
Land Revenue	15	9	7	4	2
Divided Herds	10	5	9	5	5
Provincial Rates	1	1			
Land Revenue—					
Collectors, and collection charges	7,94	6,98	7,94	6,98	7,94
Survey and Settlement	1,98	1,25	1,89	1,19	47
Other charges	1	1	1	1	1
Stamps	36	18	36	18	27
Excise	8	4	8	4	2
Assessed Taxes	5		5		3
Forests	2,05	1,03	2,00	1,00	1,00
Registration	23	11	23	11	11
TOTAL REVENUE HEADS	12,96	9,75	12,72	9,60	9,92
Administration (excluding Account Office)	1,96	1,96	1,95	1,95	1,95
Law and Justice, Courts	5,51	5,54	5,51	5,51	5,54
Ditto, Jails	1,30	1,30	1,11	1,14	1,14
Police	9,71	9,74	9,95	9,95	9,95
Marine	46	46	75	75	75
Education	1,88	1,88	1,88	1,88	1,88
Medical	1,45	1,45	1,40	1,40	1,40
Scientific Departments	27	27	26	26	26
TOTAL CIVIL DEPARTMENTS	22,60	22,60	22,87	22,87	22,87
Superannuations	60	60	60	60	60
Stationery	68	68	68	68	68
Miscellaneous	19	19	19	19	19
TOTAL MISCELLANEOUS	1,47	1,47	1,47	1,47	1,47
Post Office	1	1	1	1	1
Total Civil Heads	37,04	33,83	37,07	33,95	34,27
Public Works					
Railways—Capital	48	48			
Working	85	85	1,00	1,00	1,00
Subsidy, &c	1,05	1,05	1,05	1,05	1,05
Civil Works (including grants to Local Boards)	14,17	14,17	10,34	10,34	10,34
Total Public Works	16,55	16,55	12,39	12,39	12,39
GRAND TOTAL EXPENDITURE	53,59	50,38	49,46	46,34	46,66

The Future Provincial Contract with Lower Burma

Preliminary

CHAPTER X

THE FUTURE PROVINCIAL CONTRACT WITH LOWER BURMA

[Figures printed thus,—2,08—without designation, mean thousands of rupees]

PRELIMINARY

Appendix No VIII annexed to this Volume shows in detail the working of the Burma Contract of 1882. It is convenient for us here to give a brief account of its history, showing the actual figures of receipts and expenditure, as contrasted with the expectations under which the Contract was framed, and to explain how the Contract stood after the cancellation of the provision by which the Provincial share of the Land Revenue was to decrease every year.

2 The figures shown in Appendix No VIII may be thus divided —

Statement of Provincial Revenue and Expenditure in Lower Burma from 1882-83 to 1886-87

	REVENUE						EXPENDITURE				
	Special grants	CIVIL		PUBLIC WORKS		TOTAL	Civil	PUBLIC WORKS			TOTAL
		Principal Revenue Heads	Other Departments	Ordinary	Railways &c. Net			Ordinary	Interest on Railway, &c. Capital	Capital expenditure	
1	2	3	4	5	6	7	8	9	10	11	12
	R	R	R	R	R	R	R	R (a)	R	R	R (a)
Average Assignment		86.62	8.95	1.10	2.97	99.64	67.99	26.06	5.59		99.64
1882-83		88.52	7.99	57	-2.72	94.36	75.19	31.20	6.90		1,13.29
1883-84	4.17	94.61	6.63	49	+1.10	1,07.00	76.47	29.19	8.53		1,14.19
1884-85	6.66	81.53	6.94	63	+1.73	97.60	76.17	20.25	9.92	23	1,06.57
1885-86 (Revised)	2.30	84.55	7.73	48	+3.23	98.29	74.04	13.53	10.72		98.29
1886-87 (Budget)		85.20	7.65	46	+5.71	99.02	75.99	12.09	10.93		99.01
TOTAL FIVE YEARS	13.13	4,34.46	36.94	2.69	9.05	4,96.27	3,77.86	1,06.26	47.00	23	5,31.35
Five times average Assignment		4,33.10	44.75	5.50	14.85	4,98.20	3,39.95	1,30.30	27.95		4,98.20

N.B.—The manner in which these figures have been compiled is fully explained in paragraph 10 of Chapter II, page 14.

(a) These figures have been reduced so as to make the assignment (which assumed that the existing deficit would be met by decreased expenditure) work out to equilibrium.

3 The revenue under the Civil heads was slightly in excess of the standard of the assignment, but the decrease of revenue under the Public Works head swallowed up the increases, and left no margin available for increase of expenditure. On the other hand, the expenditure, as assumed for the purposes of the Contract, was nearly $7\frac{1}{2}$ lakhs ahead of the revenue, and in the first year of the Contract an addition of 11 lakhs was made to it. Of this, $4\frac{1}{2}$ lakhs was under Public Works (an outlay to which the Local Government

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was, no doubt, tempted by the large balances in hand) and $6\frac{1}{2}$ under Civil heads, the chief of which were as follow —

	Assignment of		Increase R
	1881 82 R	1882 83 R	
Law and Justice	15,19	15,79	+60
Police	16 97	18,96	+1,99
Marine	3,16	4,04	+88
Scientific and Minor Departments	49	2 73	+2,24
Superannuations	1,44	2,24	+80
	TOTAL		6,51

The expenditure under Civil heads, except in the case of Police, has hardly grown since 1882-83, and that on Public Works has decreased by more than 50 per cent, but it was not till 1885-86 that the Province, even with the assistance of special grants, could re-adjust itself to the changed conditions, and equilibrium could be attained

4 Now the Contract was expressly founded upon the expectation of a large increase of revenue, no less than $10\frac{1}{2}$ lakhs of rupees a year. Such an increase there had been in the years preceding 1882, and the modification made in that year in the former Contract was a resumption, in favour of the Supreme Government, of part of the anticipated increase, on the ground that what still remained to the Provincial Government was quite sufficient for its future development. The Contract provided a deficit upon the initial account which it was estimated would be met during the first year or two by accumulated balances, which were raised to 35 lakhs of rupees, and by increasing revenues afterwards.

5 The revenue however, as just shown, failed to justify these expectations and remained stationary, and the consequence was that when after two years the expenditure, with the increase it received in the first year, had exhausted the accumulated funds, there were no means of providing for the deficit in the third and fourth years. The position of the Province now was that its assigned revenue, which was admittedly insufficient at first, but which it was anticipated would very soon become sufficient, failed to overtake its assigned expenditure, as it was expected to do, and even a reduced standard of expenditure could not be maintained without extraneous assistance. The position was aggravated by the effect upon the Province of its obligations as regards railways. These were estimated in the Contract at a net revenue of 81, but as railway construction was going on at a rapid pace, and the Province had to bear the full interest charge upon a large amount of unremunerative capital, representing mileage not yet open, the increase in the interest charges more than swallowed up the increase of earnings on the open lines, and the whole account shows, instead of an average net revenue of 81, an average net loss of 2,47 a year (besides a small amount, 23, of capital expenditure on surveys charged in one year to revenue).

6 Accordingly, the position was reviewed after two years had passed, all increase of civil expenditure was stopped, and the Public Works grants were reduced as far as possible. The Imperial Government had to aid the Province with the special grants shown in the second column of the statement in paragraph 2 above.

7 In 1885-86 the Revised Estimate showed that a special grant would be required of about 2,30. In 1886-87, if the Budget Estimate of Revenue can be realised, no such grant will be necessary, but the balance will be left at practically nil.

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8 The Chief Commissioner has prepared for our assistance a paper, stating his general view of Provincial finance. It gives general explanations of the measure of the growth of revenue, and of the manner in which the expenditure has, during the past five years, been increasing. It is not sufficiently detailed for our purposes, but it has been of assistance to us in explaining the facts, which our more detailed examination of the accounts brings out. Its main purport is that the finances of the Province are now in equilibrium (supposing the Budget expectations of the year to be realised), that next year the Railway revenue will improve by 2½ lakhs, but that the Police expenditure will increase by 4½ lakhs, leaving a deficit of 2 lakhs, that the revenues of the Province are increasing at the rate of 3 lakhs a year, of which under existing arrangements one-third accrues to Provincial, and thus that the deficit will be reduced to one lakh in 1887-88, and will be effaced in 1888-89. The Chief Commissioner therefore proposes that the present Contract be continued provisionally for two years.

9 We are quite in accord with the Chief Commissioner in considering that the arrangement at present made should be made for two years only, but as we do not think his anticipations of increasing Revenue (other than those under State Railways) can be absolutely relied on, and as in any case our instructions are to place the Province in equilibrium on the 1st April 1887, not to start it with an initial deficit of a lakh of rupees, we think that a new arrangement of some kind is necessary, and that whatever amount of change it may be considered advisable to import into the conditions of the old Contract, it will be necessary to have a new starting point, based on a careful review of the existing revenue and expenditure. It will be found that the conclusion

Review of the conditions of the Contract necessary,
and the assignment to the Province of a moderate working balance advisable

which we reach is that under the existing system of assignment the revenue will exceed the estimated expenditure by 1,05. The general rule which we have adopted in framing the Provincial Contracts is to bring the Provincial Budgets to a state of initial equilibrium, without reference to the balances which will stand to credit at the beginning of 1887-88, the benefit of which is left to the Local Governments. As, however, Burma has absolutely no working balance and the want of a reserve of this kind may very probably seriously cripple the Administration, we think that the Province should be started with a balance of two or three lakhs.

10 This calculation of a surplus of 1,05 is based on the assumption that the rate of expenditure continues unchanged. It does not allow for the probable increase in the cost of the Police, for which, if it is sanctioned, special provision must be made. That increase is estimated at 4½ lakhs, but some part of the increase appears to have been provided for in the Estimate of 1886-87.

Estimates now framed make no allowance for increased Police expenditure

11 The Chief Commissioner has not expressly given any opinion upon the question whether the Contract might be modified, in respect of the distribution of the various heads of revenue and expenditure, so as to accord with the orders of the Government of India in their letter No 2187, dated 26th July 1886, but he has expressed a wish that the whole of the increase in Provincial Revenue may be left to the Province, or, if not, that the existing ratio in which certain heads are divided, and under which the Province gets about a third of the growth of the land revenue, may be allowed to

The application to the Province of the new system of distribution of certain heads of revenue and expenditure considered

The Future Provincial Contract with Lower Burma

Land Revenue

remain unaltered. It is for the Government of India to say how far they can, under the peculiar conditions of the Province, accede to this request. The orders in the letter above quoted would involve, in the case of Burma, a withdrawal of the shares of the Salt duty and of the export duty on rice, which are at present included in the Provincial revenues. We do not know if there are special reasons for this arrangement in Burma, but if there are not, then one reason for the assimilation of the Burma conditions to those of other Provinces will be found in the fact that these receipts are somewhat irregular in their incidence as reckoned by the financial year, and that in this way they are unsuited to the case of a Province, which, at present at least, has a difficult task before it in making both ends of its Provincial account meet.

12 We proceed to examine the various heads of revenue and expenditure, with a view to estimating the amount at which each should be taken in fixing the assignment for the future. And we have to note generally that when we repeat the Budget figures of 1886-87 as our estimates for the future, it should be always understood that they are subject to such modification as the Revised estimates of the year may show to be necessary.

13 The revenue and expenditure of Upper Burma are entirely excluded from our figures and estimates.

The finances of Upper Burma excluded from consideration

LAND REVENUE

14 *Revenue*—The figures of the successive financial years give very unequal totals, but if we re-arrange the same figures so as to give the receipts of revenue from August 1st to July 31st we shall at once produce intelligible results as follows—

	1880-81	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87
April till July	13,91	29,68	29,69	33,85	15,43	14,79	25,17
August till March	76,00	75,55	76,10	96,96	98,69	90,25	
Financial year	89,91	1,05,23	1,05,79	1,30,81	1,14,12	1,05,04	
Revenue year	1,05,65	1,05,24	1,09,95	1,12,39	1,13,48	1,15,42	

It is evident from this that the yearly revenue has reached a standard of 1,15,42, and that this amount may at present be expected to come in, on the average, every twelve months.

15 This amount includes eleven lakhs on account of fisheries, which are wholly Provincial. The actuals of 1883-84 and 1884-85 were 11,25 and 11,12, the Revised Estimate of 1885-86 was 10,50, and the Budget Estimate of 1886-87 is 11,00.

16 We may therefore take as the existing standard of Land Revenue, 1,04,42 divisible, and 11,00 Provincial.

17 *Expenditure*—The expenditure under the head of Collectors and establishments has risen from 5,62 in 1880-81 and 5,55 in 1881-82, to 7,52 in 1885-86 and 7,52 Budget of 1886-87. The principal items of increase are—

(1) Extra Assistant Commissioners from ninety costing 1,72 (average under Rs2,000 per annum) to one hundred and forty-one, costing 4,23 (average Rs3,000 per annum)

Extra Assistant Commissioners

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Land Revenue

This increase in number is to a certain extent balanced by the reduction of the following officers, who were included among the Extra Assistants, and lost their specific titles eleven Extra Moonsiffs, twelve Akunwoons, two Assistant Translators. Seven also were made up for by a reduction of Assistant Commissioners. This leaves a real increase of nineteen, of whom three are for new appointments in the "Supplementary Survey," two for the new Pegu district, and six for six new Townships. General increase of work accounts for the remaining eight. The pay of this class was greatly improved in 1884, the lowest grade being raised from R100 to R150, and the highest from R600 to R800. Of appointments over R250 there were, on the old scale, only twelve, whereas the number on the new scale, as at first introduced, was thirty-five, and some increases have been made since.

(2) Similar increases have been made in the rates of pay of lower grades Subordinate establishments also. For example, we have—

	1880-81	1886-87
Chief office establishment	210 on an average of R507 a year	281 on an average of R636 a year
Tahsildar establishment	289 on an average of R158 a year	319 on an average of R232 a year

The Chief Commissioner gives us a long list of changes and increases of establishments contributing to this result. We are not in a position to judge of their necessity, but there seems to have been, in Burma, a general consensus of opinion that the scale of pay was too low, and both considerable increases were given and new establishments of special classes were organised, *e.g.*, Treasury Establishments, Record-room Establishments, and others.

(3) Contingent expenditure and travelling allowances also show very considerable increases, the former from R36,500 to R57,000, the latter from R22,600 to R45,000. The latter is due to increase in the rates allowed by the Code, to increase in the number of officers, and to orders enforcing more travelling. Of the former only general explanations are given, but, as we find that officers spent in 1883-84 and 1884-85 R39,252 and R56,473, against Budget Estimates of only R34,000 and R40,000, there would appear to be some deficiency in control. The explanation given us is that it is "possibly connected with" excess expenditure on "Contract contingencies, which are not subject to audit." But, as the whole object of the contract system is that the expenditure should be subjected to limit, the applicability of this explanation is not clear.

18 It would certainly appear from these considerations that increase in the pay and allowances charged under this head ought to cease for a time, and it would apparently be possible to be more economical under the head of contingent expenditure.

19 We take for the estimate of expenditure the Budget figure of 1886-87.

20 The first charge under the head of Survey and Settlement is the Settlement Secretary, who, with his establishment, is estimated to cost R47,000, though the figures supplied by the Chief Commissioner amount only to R40,000. In 1880-81 the establishment of this officer was only three clerks, but since then he has practically become one of the ordinary Secretariat staff, having the charge of a certain number of subjects, and his establishment has been increased to

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Land Revenue

thirteen As Settlement operations have recently been considerably reduced, the work of the office has of late diminished, and the Chief Commissioner offers, if necessary, to give up the Secretary altogether, although, he states, he will be necessary again, as soon as Upper Burma is brought under settled rule. He would, however, prefer to retain him and to reduce the establishment to where it stood in 1880-81, when it cost 3, against 23 now, including contingencies. We would prefer to adopt the latter proposal, as there can be no doubt that the Chief Commissioner's Secretariat, if for the moment not fully worked, will very soon be so, and an experienced officer cannot be spared at the present juncture. The charge will thus amount to 20

Other expenditure 21 The remaining expenditure upon Survey and Settlement during the last two or three years has been as follows —

	1883-84	1884-85	1885-86	1886-87, Budget	Committee's Estimate
Settlement Establishments	2,45	2,76	2,05	2,18	1,30
Survey of India Parties . . .	5,80	4,57	2,56	1,88	1,90
Ditto for Forest Survey	48	54	59	63	63
Cadastral Maps	37	48	31	15	15

22 The expenditure has been continually diminishing, and only one Survey Party is now employed, which is to complete Akyab and then go on to Bassein. The Chief Commissioner estimates the future expenditure at 1,90, which, it will be seen, is nearly the same as the Budget for 1886-87.

23 The cost of Settlement, the Chief Commissioner says, will be 50 a year. The figure shown in the first line of the above table includes, besides the Survey proper, what is known in Burma as the "Supplementary Survey,"—that is, the establishment employed in the maintenance of the Survey Record, which in 1885-86 cost about 80 out of the 2,05 then stated. Allowing, therefore, the Chief Commissioner's estimate, we have for the expenditure under this head 50 for Settlement and 80 for "Supplementary Survey."

24 The third item in the above list represents one-half of the cost of a topographical Survey Party which is combining, with its topographical work, the survey of forests. We are not informed how long this forest survey work is expected to last, but, in the absence of information, we take it as part of the expenditure to be included in the Contract.

25 The charge under the head of Commission on Collections is mostly on account of commission paid to Thoogyees, of 10 per cent on all collections up to Rs6,000 and of 5 per cent on all in excess. The Thoogyees have to pay all writers, measurers, and assistants, there being no Tahsildars in Burma for the collection of revenue. The whole charge comes to 6 per cent of the Land Revenue and 9 per cent of the Capitation Tax, and the total charge, after increasing to over 7½ lakhs in 1883-84 and 1884-85, is now slightly decreasing, owing to decrease in the number of Thoogyees. Commission is also paid on some of the Fishery collections. The rate varies from 3 to 10 per cent. The amount was 6 in 1884-85, 8 in 1885-86, and is estimated at 9 for 1886-87. These charges are wholly Provincial.

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Salt Stamps Excise

SALT

26 *Revenue*—A share of nearly one-third of the Salt Revenue is Provincial in Burma. The figures of this revenue are as follow—

Provincial Share	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
Local Manufacture	35	29	34	35	35
Seaborne Salt	1,29	1,78	2,31	1,59	2,25
TOTAL	1,64	2,07	2,65	1,94	2,60
Provincial Share	51	68	87	63	55

27 The irregularity of these figures is partially explained by the fact that about 24 more than usual was collected on salt imported in February and March of 1884-85, thus diminishing the demand of the next year. Transferring this 24, we get the figures 1,65, 2,07, 2,41, 2,18, 2,61,—a somewhat closer approach to regularity. The excess in the Budget is due to the levy of full duty upon salt imported for Upper Burma. In framing the Contract, we have assumed the continuance of the existing system of division of Customs revenue between Imperial and Provincial.

28 *Expenditure*.—The expenditure charged to Salt consists of only about Rs3,000 of commission.

STAMPS

29 *Revenue*—The revenue under Stamps steadily increased during the five years ending 1881-85, the yearly figures being 7,85, 8,22, 8,26, 8,94, 9,80. This last figure seems to have been exceptional, as the revenue fell to 9,38 in 1885-86. The estimate for 1886-87 (excluding 1,00 for Upper Burma) is 10,00, but so far the collections have fallen behind those of 1885-86, and it would not be safe to take a higher figure than that of that year, or 9,38.

30 *Expenditure*—In the three years ending 1885-86 the charges were 22, 22 and 23. The estimate for 1886-87 is 24, besides 10 for Upper Burma. The charges are composed of (1) the value of the paper, (2) Discount and Commission, (3) a small salary charge. Discount is given at very high rates upon stamps of low value, namely, 5 per cent at head quarter stations and 10 per cent elsewhere (the rates are 4 per cent and 8 per cent when the vendor gets the stamps on credit) upon General stamps, not exceeding Rs5 each, and 2 per cent on Court-fee stamps. The usual rates are 3 and 5 per cent on General stamps, and from 1 to 1½ per cent on Court-fee stamps. A salaried officer on Rs100 is allowed for Rangoon, whose duties are to take charge of the local stamp accounts and transactions, to sell to the public, and to issue to Postal and Telegraph Officers.

EXCISE

31 *Revenue*—Till last year the Excise revenue had for years been between 22,40 and 22,60, but in 1885-86 there was a sudden drop to 21,01. The causes of this are stated to be the disturbances in the country, the prosecutions of opium offenders, and the enforcement of the bad-livelihood clauses of the Criminal Procedure Code. The revenue may therefore recover itself, though it is doubtful if the estimates of 1886-87, namely, 22,29 (besides 1,00 for Upper Burma), will be realised.

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Customs

The figures include about 13 of "Local" Revenue, so that 22,16 is the estimate of Imperial and Provincial combined

32 *Expenditure*—The expenditure upon Excise was in 1883-84 R14,056 and in 1884-85 R18,433, being chiefly, it would appear, for out-door establishments in Rangoon and Moulmein, but in March 1885 a Commissioner of Excise, Stamps, and Registration was appointed, who, with his establishment,

Recent employment of additional establishments costs about R20,000. An Excise detective establishment, costing R10,320, was also employed in 1885, in the districts of Pegu, Hanthawaddy, Tharawaddy and Prome, to cope with the smuggling and illicit distilling which is said to be notorious in Burma, the regular police having completely broken down. Thus, the cost is brought up to R12,650 in 1885-86, and is estimated at R52,000 (besides 5 for Upper Burma) in 1886-87. It is impossible to say what would have been the effect on the revenue of these measures, had the country been in a normal state, but, as a matter of fact, the revenue has been falling off, as just remarked, and it is certainly too soon to pronounce upon the subject. The Chief Commissioner has offered to give up the Commissioner of Excise in order to be able to introduce certain improvements in Police. But we maintain the estimate of R52,000 until some determination is arrived at.

CUSTOMS

33 *Revenue*—The end of the official year falls in the middle of the Burma

Figures re arranged by the calendar year export season, and the Customs revenue of each financial year is largely affected by the mere question of the earliness or lateness of the rice being brought forward. We will therefore estimate the revenue by setting forth actual receipts by the calendar year—

	1882-83	1883-84	1884-85	1885-86	1886-87
April to December	37,27	28,81	22,78	31,17	28,00 (a)
January to March	27,18	24,28	20,88	26,32	
Official year	64,45	53,09	43,66	57,49	
Calendar year		55,99	47,06	52,05	54,32

34 The average of these four seasons is 52,35, which may be taken as a fair

Past average taken as the future estimate measure of the probable income. Under the system at present in force, the continuance of which the Chief Commissioner desires, it would be thus distributed—

Import duties (Imperial)	8,31 in 1882-83, 8,28 in 1883-84, } 7,50
7,75 in 1884-85, 7,15 in 1885-86	
Wharf rents and Miscellaneous (Provincial)	24
Balance being Export duties, Provincial	11,65
Imperial	29,96
	41,61
	52,35

that is, Imperial 37,46, Provincial 14,89, compared with which the Budget for 1886-87 (excluding 25 for Upper Burma) shows 37,60 Imperial and 15,40 Provin-

Comparison with the Budget of 1886-87. If, however, the Government of India determine to class the whole of the export as well as the import duties as Imperial, for the reason given in their letter of July 26th, 1886, namely, on account of the great variation of the export duties from year to year, the only Provincial Customs revenue will be 24, Wharf rents and Miscellaneous. In framing the Contract we have, for the present, assumed the continuance of the existing system of assignment.

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Customs

35 *Expenditure*—The figures are as follows —

	1881 82	1882 83	1883 84	1884-85	1885 86, Revised	1886 87, Budget	Com mittee's Estimate
Salutes	43 7	38 4	30 8	32 2	29 3	32 4	32 4
Establishments	2,04 1	1,45 9	1,32 1	1,29 4	1,35 8	1,33 0	1,27 0
Contingencies	10 7	9 9	8 4	8 2	6 9	6 6	6 6
Customs confiscation charges	7	1 6	6	3	1 0	1 0	1 0
TOTAL	2,59 2	1,95 8	1,71 9	1,70 1	1,73 0	1,73 0	1,67 0

36 Considerable reductions were made in 1882, after the abolition of the major part of the Customs duties. Since then there has been but little fluctuation.

37 About four-sevenths of the whole expenditure are at the chief port,

Establishments

The Port of Rangoon

The Collector is not only in charge

Salaries.

Per annum
R

1 Collector

18 000

1 Assistant Collector

7 200

Establishment

1 Appraiser

4,440

17 Clerks

26,766

10 Servants

1,183

9 Bonding Establishment

3,084

Preventive Establishment

3 Inspectors

8 400

19 Preventive Officers

21,440

39 Servants, &c

6,192

Temporary hands

2 000

Contingencies

3 490

100

1,02 200

since 1885-86, of the number of Preventive officers from 14 to 19 and of their cost from R17,000 (actuals of 1884-85) to R21,440. No details have reached us of the Bonding Establishment. The pay of the clerks averages R131 per man per mensem, that of the Preventive Inspectors R233, and that of the Preventive Officers R94.

38 Akyab, Bassein, and Moulmein are the more important of the subor-

The ports of Akyab, Bassein, and Moulmein

ordinate ports. The establishments, &c, of each are shown below —

		AKYAB		BASSEIN		MOULMEIN	
		No	Cost per annum	No	Cost per annum	No	Cost per annum
<i>Salaries</i>			R		R		R
Collector		1	2,400	1	2,400	1	2,400
<i>Establishment</i>							
Appraiser		1	3,600	1	2,400		
Clerks		3	2,880	1	1,200	5	6,360
Servants		6	720	3	312	7	948
<i>Preventive Establishments</i>							
Superintendent		1	2,400	1	2,400	1	3,000
Inspector		1	1,800			1	1,800
Preventive Officers		2	2,640	3	3,660	3	3,120
Boat, &c, Establishment		24	3,528	5	768	24	3,576
Temporary			944				720
<i>Contingencies</i>			1,088		260		1,076
TOTAL		39	22,000	15	13,400	42	23,000

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39 The entries as to the Collectors are somewhat misleading In all three ports the appointments of Collector of Customs and of Port Officer are amalgamated on the pay of Rs500 rising to Rs800 The rates actually drawn, according to the Civil List for July 1886, are Rs500, Rs500, and Rs680 respectively

40 The Appraisers at Akyab and Bassein are the Head Clerks of the respective Customs offices The fact of their pay equalling, or exceeding, the portion of the pay of the Collector which is charged to Customs is explained by the statement that the rates were fixed many years ago, when there were Collectors without other duties, who drew much higher rates of pay in their capacity of Collectors only The high pay of the Moulmein Preventive Superintendent is similarly explained Reckoning the Appraisers as Clerks, the average pay of the Clerks in the three ports is Rs135, Rs150, and Rs106 per man per mensem, respectively. The pay of the Preventive Officers comes to Rs110, Rs102, and Rs87, respectively, per man per mensem At Akyab there are a Preventive Superintendent on Rs200 and a Preventive Inspector on Rs150 to supervise a force of two Preventive officers only

41 The total annual cost of each of the minor ports is shown in the margin The establishments are paid at much more moderate rates than those of the larger ports At the four former places, the Deputy Commissioners of the respective districts discharge the duties of Customs Collectors We assume that the Customs establishments at Thayetmyo and Tounghoo are now no longer required, and on this account take credit in framing the Provincial Contract for a reduction of 6 We are unable to suggest any further economies at these minor ports

42 As respects the larger ports, it appears to us that some saving may be effected by a revision of salaries No doubt, higher rates of pay must be given on account of the greater cost of living in Burma than in other Provinces, but the Burmese Customs establishments need not be more highly paid than officers of similar position employed in other Departments, and we suggest that the Customs clerks need not in all cases draw higher pay than the Preventive officers, whose temptations and opportunities are greater, and whose duties are far more important and responsible

43 The total emoluments of the Rangoon Customs Collector amount to Rs1,800 per mensem, besides fees to an amount not stated As, however, the pay of a first grade Deputy Commissioner is only Rs1,833, Rs1,800 appear to us too high a salary for the Customs Collector We suggest that Rs800 per mensem, the pay of a first grade Assistant Commissioner, would be sufficient remuneration for the duties of the office, independently of the income derived by the incumbent from his additional duties in connection with the Port Commission The Chief Commissioner might be asked whether any suitable provision can be made for the present incumbent

44 In one of the questions which we addressed to the Provincial Government we drew attention to the high average rates (a) at which the Customs clerks are paid, as compared with the Secretariat clerks, whose duties are altogether of a higher class, but who receive on the average only Rs117 per man per mensem, and we

Annual cost of the minor ports	
	R
Thayoy	2,000
Mergui	2,400
Kyauk Phyo	740
Sandoway	320
Thayetmyo	5,400
Tounghoo	500

The Thayetmyo and Tounghoo establishments to be abolished

Revision of salaries at the larger ports recommended

The Rangoon Customs Collector Reduction of pay recommended

High average rates of pay of clerks	
(a)	R
Rangoon	131
Akyab	135
Bassein	150
Moulmein	106

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Assessed Taxes Forests

requested the favour of an explanation The reply which we have received is as follows —

“The salaries of the Customs clerks are not, in the Chief Commissioner’s opinion, excessive, and the Chief Collector reports that he finds it difficult to get good men to fill vacancies as they occur, and has, as a rule, to accept very young men and train them up to their duties ”

45 We hardly think that this answer sufficiently disposes of the question, as the declared policy of Government in all Departments is to accept young men and to train them up to their duties We are still of opinion that the salaries should be reduced

46 The marginal statement compares the cost, per lakh of trade, of the establishments of the more important subordinate ports in Burma with that of some of those of the same class on the coast of India In their reply to one of our questions the Local Government has compared the trade of Rangoon with that of the other principal Indian ports We have carried the comparison farther, and find that the trade and the cost of the Customs establishments per lakh of trade are as follows in the ports in question —

	Trade (in lakhs)	Cost per lakh of trade ₹
Akyab	133	148
Bassein	107	121
Moulmein	215	99
Cocconada	174	18
Negapatnam	104	21
Tuticorin	156	14
Calcutt	103	43
Tellicherry	113	24

	Trade (in lakhs)	Cost per lakh of trade ₹
Rangoon	10,97	93
Calcutta	61,26	74
Bombay	71,27	39
Madras	9,52	66

47 We think that these figures indicate discrepancies in expenditure, which deserve a closer examination than we are able to make of the subject, and we suggest that it would be advisable for the Government of India to depute an experienced officer to conduct an enquiry and see whether any equalisation is possible by lowering the charges of the more expensive ports

48 We have no information as to the nature or necessity of the expenditure on Customs confiscation charges, but the amount is small and may be admitted

49 Deducting 6 (*vide* paragraph 41) we estimate the future expenditure under Customs at 1,67

ASSESSED TAXES

50 The operation of the Income Tax Act is for the present suspended in Burma

FORESTS

51 The Forest operations in Burma are divided into two Circles—the Pegu Circle and the Tenasserim Circle

52 The following are the particulars of these two respectively —

	<i>Pegu Circle</i>					
	1881 82	1882 83	1883 84	1884 85	1885 86	1886 87, Budget
Revenue	13,30	16,26	13,51	12,71	15,55	13,75
Expenditure A	6,00	6,60	6,12	7,17	6,46	6,60
B	1,59	1,78	1,91	1,87	1,86	2,15
Net Revenue	5,71	7,88	10,48	3,67	7,23	5,00

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	Registration					
	<i>Tenasserim Circle</i>					
	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87 Budget
Revenue	9,02	8,77	6,58	4,00	4,19	4,25
Expenditure A	3,08	3,14	3,27	2,23	2,29	2,15
B	82	77	87	85	89	1,00
Net Revenue	5,12	4,86	2,44	92	1,01	1,10

53 The export of teak forms by far the largest share of the work in the Pegu Circle. It is removed mostly by Departmental operations, arranged for through contractors, who bring the timber down the streams and are paid so much per log. Most of the Departmental timber is brought down to a Departmental agency in Rangoon, which has charge of the sales. A good deal of timber is also purchased on the spot and removed from the forests by purchasers. The expenditure is increasing only with the extent of the operations.

54 The great falling off in revenue in 1884-85 was due to a very great fall of price, which resulted in the Department keeping back a large portion of the stock it held ready for export.

55 Between $2\frac{1}{2}$ and 3 lakhs of revenue were lost in the Tenasserim Circle by the reduction from 7 to 1 per cent of the duty on foreign timber, which was brought into effect at the end of 1881-82. This timber for the most part passes through the Circle, coming down the Salween river. The figures of 1882-83 would have shown the immediate effect of the reduction, were it not that the Departmental operations in timber were in that year especially high, they now produce the greater part of the revenue. It seems open to doubt whether, as circumstances now stand, any one but the Foreign Government (Siam) benefits by the reduction of the duty.

56 Both the revenue and the corresponding expenditure of the Government timber operations are falling, and the effect of the recent fall of price, alluded to in the remarks on the Pegu Circle, is noticeable also in this Circle.

57 The Budget Estimate under the Pegu Circle seems to be based on a somewhat cautious view of the prospects of revenue, and we may fairly expect better results. But, subject to this remark, we may, for the meantime, take the Budget Estimates as our standard in both cases, giving a revenue of 18,00 and an expenditure of 11,90.

58

REGISTRATION

	1883-84	1884-85	1885-86	1886-87, Budget
Revenue	19	24	24	28
Expenditure	11	12	14	16

Registration does not prosper in Burma. There are eighty Registration Offices, and of these only seven are paying ones. The Sub-Registrars appear to be mostly official, and all who are not Assistant Commissioners are allowed the whole of the fees up to a limit of Rs50 a month. It is not stated whether they have to meet the clerical and contingent expenditure of their offices out of this allowance, but as only eleven clerks are paid for directly by Government this would seem to be the case. The average annual income at the above figure would be only Rs350 for each office.

The Future Provincial Contract with Lower Burma

Refunds General Administration

REFUNDS

59 Refunds and drawbacks have averaged 128 under Land Revenue, Salt and Customs, and 20 under Stamps, Excise and Forests. The Budget figures are 126 and 26 respectively. The average of the Land Revenue and Customs refunds is greatly increased by the high figures of 1882-83 (50 and 1,17). It will be sufficient, we think, to allow 1,15 (12+6+97) under Land Revenue, Salt and Customs, and 20 (6+11+3) under the other heads.

60

GENERAL ADMINISTRATION

	1883-84	1884-85	1885-86	1886-87 Budget
Chief Commissioner	49	48	48	48
Civil Secretariat	1,17	1,09	1,21	1,11
Commissioners	2,07	2,03	2,12	2,04
Other charges	22	23	21	21
TOTAL	3,95	3,83	4,05	3,87

61 The charges under this head have for some time been steady. They are a little above the standards of 1881-82, 3,43, and of 1882-83, 3,72. The increase is mainly due to the formation of a fourth Commissionership (Irrawaddy Division). There has also been an increase in the Secretariat charges, but it passes under the head of Land Settlement, and is there explained.

62 The Secretariat is divided into three branches—the General, the Revenue, and the Public Works. The number of clerks in these three branches is 20, 19 and 14, and their average pay is Rs137-9, 114-2, and 130-0, respectively. The average number of letters issued and received is 1,080 per clerk, and each letter costs Rs1-6-10. The force of these figures will be understood when our separate Note(a) comparing the work and cost of the different Secretariats is submitted.

63 The Translator's Department is an expensive one, considering that only one vernacular language is used, and its cost has increased from 65 in 1881-82 to 14 now. There is a Translator on Rs350 to Rs500, one assistant on Rs175, one on Rs150 and one on Rs100 to 150, besides a clerk on Rs50, and an Interpreter on Rs150. Their work is the translation of Acts and Rules and of confidential and miscellaneous letters, and the editing of the vernacular Gazette. In Bengal with three vernaculars, and the work of reporting on a large number of vernacular newspapers in addition, the cost is 28. We have taken exception to this as too costly and have proposed to reduce it to 21, and we cannot but think that an expenditure of 14 is excessive for Burma.

64 We have drawn attention to the high scale of pay in Commissioners' offices,—an average of Rs135 a month each—which is even higher than the Secretariat average, and the Chief Commissioner has expressed his readiness to reduce the average pay slightly, to Rs113 8, making a saving of 1, at the same time that he increases

(a) Owing to the dissolution of the Committee, the preparation of this Note was not completed.

The Future Provincial Contract with Lower Burma

Law and Justice, Courts

the number from 30 to 32 The Commissioners' contingent charges also show considerable increase The explanation given in this case is the same as in the case of Collectors,—the system of contract contingencies, of which the original object was to reduce and limit the cost

Future Estimate

65 Subject to these remarks, we fix the amount of the expenditure at the Budget figure, less 1

66

LAW AND JUSTICE, COURTS

	1883-84	1884-85	1885-86	1886-87 Budget
Chief Court				3
Recorder and Judicial Commissioner	1,17	1,28	1,22	1,63
Law Officers	32	34	36	40
Civil and Sessions Courts	36	35	34	35
Small Cause Courts	24	27	33	35
Criminal Courts	7,79	8,00	8,14	8 10
Refunds and Miscellaneous	59	75	92	65
	10,51	10,99	11 35	11,01
Receipts	2,11	2 49	2,46	2,59

67 *Expenditure*—The increase shown in the Budget under the second

Recorder and Judicial Commissioner
Proposed Chief Court

head is due to the addition of a second Recorder, who was already employed for a short time in 1884-85 and 1885-86 A proposal has now been made to combine the two Recorders and the Judicial Commissioner into a Chief Court, and this has been recommended to the Secretary of State The greater part of the cost of the new Court is already provided in the Budget as it stands, and apparently more money will only be required if experience shows that it is necessary to increase the establishments A part of the new proposal is to increase the pay of several existing officers, without altering their duties We do not admit the sufficiency of the reasons alleged for this increase

68 The Law Officers with their establishment cost 40, although the

Law Officers

figures of the accounts are smaller, as part of the salaries appears to have remained undrawn through absences The Law Officers are a Government Advocate (R1,200) and his Assistant (R500) The former is the general legal adviser of Government and its assistant in legal matters, and he and his Assistant represent Government in the Courts of the two Recorders and of the Judicial Commissioner in criminal, as well as in civil cases There are also two Prosecutors, one in Rangoon (R400) and one in Moulmein (R200), who appear in the Magistrates' courts, and in the case of Moulmein in the Sessions courts also

69 There are two Judges in the Rangoon Small Cause Court who between

Small Cause Court

them dispose of 4,650 suits (besides 3,160 miscellaneous cases) a year The average number of suits annually disposed of by a Judge of a Small Cause Court in Calcutta and Madras is 6,200 and 6,500 respectively. Unless there is some radical difference in the class of cases, it would seem that one Judge should be sufficient at Rangoon. The two Judges receive R700 and R500 apiece, which is not excessive, but their establishment and contingencies are continually increasing The Cantonment Magistrate of Thayetmyo tries 121 Small Cause Court cases

The Future Provincial Contract with Lower Burma.

Law and Justice, Jails Police

a year, and receives an extra allowance of R100 on this account, which the Chief Commissioner thinks should cease We take off 1 for this reduction

70 Under the head of Criminal Courts there has been a continual increase in officers, clerks, servants, and contingencies, the total cost being 7,36 in 1882-83 and 8,10 now

The general explanation given under "Collectors and Establishments" applies also to this head for example, under the head of clerks the figures of 1881-82 were 146 men, costing R79,140 (average R512), and those of 1886-87 are 183 men, costing R1,08,886 (average R595) Travelling allowances have risen from about R27,000 in 1881-82 to R42,024 in 1885-86 There is also a very high expenditure on diet allowance to witnesses The general explanation is the increase of work and the increase of crime in recent years Witnesses have to come long distances to the Courts in Burma, and require somewhat ample compensation in a country where a coolie's ordinary wage is eight annas a day It should be noted, however, that the greater part of the increase in the figures of 1885-86 and 1886-87 over those of 1884-85 is in the recoverable item of Process-service, and does not therefore really represent increase of expenditure

71 It is apparently necessary to provide for the charges at the figure at which they stand in the Budget, except as above noted Refunds were especially high in 1885-86, but may be taken in future at the Budget figure

72 Receipts—The receipts show an increase corresponding with the increase of crime noted under Criminal Courts Conversely, in other Provinces there has been a decrease both in crime and in the receipts credited under this head

73

LAW AND JUSTICE, JAILS

	1883-84	1884-85	1885-86	1886-87 Budget
Jail Manufactures— Receipts	1 11 62	1,43 94	1 97 1 10	1,82 1 10
Charges				
Net	79	49	87	72
Other Charges	4 06 4	5,04 4	5 31 8	5 05 3
Other Receipts				

74 The increase in cost shown against "Other Charges" in 1884-85 was due to a large increase in the number of prisoners, the average daily jail population having been 6,721 in 1884 against 5,324 in 1883 It seems somewhat doubtful if sufficient provision has been made in the Estimates of 1886-87, but, on the other hand, the Estimates appear to show less than the probable recoveries from jail manufactures They may for the present be taken as they stand

75

POLICE

	1883-84	1884-85	1885-86	1886-87 Budget
Charges	20,20	19,68	20,12	19,93
Receipts	15	11	13	14

The Future Provincial Contract with Lower Burma

Police

76 *Expenditure* —Of the charges, about 36 represent cost of superintendence (chiefly an Inspector-General on R1,800 and a Personal Assistant on R250), and the rest is almost entirely the District Executive Force, which costs 19,50

77 The Executive Force, including Municipal Police, was 6,619 men costing 11,70 in 1881-82, in 1882-83 it was 6,584 men costing 12,62, and up to 1885-86 it did not much vary from this standard In 1886-87 about a lakh of addition was made to the whole estimate (including contingent charges), as it was intended to bring up the force to full sanctioned strength The cause of the increase in 1882-83 was that in that year some improvements were made in the grades of pay of Constables, which are R16, 15, 14, and 12, the R16 grade being new, and that in the beginning of 1883 the creation of the Pegu district also entailed some extra cost

78 The cost of clothing is high—R11-8 for each Constable and R25 for each Head Constable,—and they contribute nothing towards it

79 There are twenty districts in Burma, and for these there are eighteen District Superintendents and Assistant Superintendents District Superintendents (R500—R900), three Assistant Superintendents on R400, and ten on R250, besides eight Assistants of the B class,—that is, not ordinarily fitted for the charge of districts,—also on R250 The figures under this head show in 1881-82 and 1882-83, eighteen officers costing about 1,30, but from 1883-84 they are thirty-seven costing about 2,00 The average pay of District Superintendents is R622, and of Assistants R271, which agrees fairly well with the rates we have proposed in other Provinces Allowing one officer for each of the twenty districts, five for fullough, and three for officers in training, the number should be twenty-eight, or three less than the present number, excluding the B class Under ordinary circumstances we might have suggested the reduction of these supernumeraries, but it would be out of the question to do so in the present disturbed state of the Province

80 The travelling allowances show a rapid increase, namely, 1880-81, R24,315, 1881-82, R21,965, 1883-84, R52,591, 1884-85, R54,953 (excluding a wrongly-classified charge of R19,160) This is ascribed mostly to higher rates, the daily and mileage rates having been increased by fifty per cent District and Assistant Superintendents draw 12 annas a mile and European Inspectors 3½ annas Office expenses have also increased, the figures of the four years above quoted being R17,697, R21,451, R44,818, and R31,196 All these charges are stated to be controlled by the Inspector-General, but they have occasionally been allowed, without any remark, to exceed the Budget provision Petty construction and repairs have also, of late years, been extremely high—R85,941 in 1883-84 and R67,903 in 1884-85 It is explained that several guard-houses had been burnt down, and that they have now been stockaded and put in a state of defence

81 The Municipal Police charges to the extent of R2,27,400 were taken over by Government in 1882, and the Municipalities received in exchange charges amounting to R3,63,634, with an assignment of R1,74,000 to meet the deficiency This

The Future Provincial Contract with Lower Burma

Marine

assignment is charged under Education, Medical, and Public Works, according to the object which it is meant to cover

82 It would seem possible to reduce the contingent and miscellaneous charges of the Police, but it is probably not possible or advisable to reduce the total cost, and we provide the full amount of 19,93 In fact, the Chief Commissioner in June last submitted to the Government of India certain measures of reorganisation rendered necessary by the complete break-down of the existing Burma Police These measures include the enlistment in the force of natives of Northern India, and are estimated to ultimately enhance the existing charge by four lakhs, of which it is possible that half a lakh or one lakh is already included in the figures of the Budget Estimate We have not been informed if this scheme has yet been finally approved, and we do not for the present include it in our estimates

83 The expenditure includes about R8,000 on account of steam-boiler inspection, against which only about R5,000 is received as fees Details of the charges are not given, but the Chief Commissioner states that they will be reconsidered and an effort made to equalise receipts and expenditure

MARINE

84 The expenditure has been somewhat variable, and we may state the amounts as follows —

	1893-94	1894-95	1895-96	1896-97 Budget
Lighthouses and Lightships	1,02	88	93	94
Subsidies to Companies	1 68	50	69	77
Other Miscellaneous Charges	22	23	29	25
Charges connected with floating vessels	1,20	1,70	80	80
TOTAL	4 08	3,31	2,71	2 76

85 *Expenditure* — The subsidies include Bassein and Henzada (12), Moulmein Rivers (14½), two steam launch services (14½), and the Ramree and Mergui coasting services (each 18) These are exclusive of the charges borne by the Post Office, which are partly Provincial, to the amount of R54,000, and partly Imperial

86 Under Miscellaneous charges are included 6 7 for the Port Officer and his establishment, and 15 for payments to the Akyab Port Fund and the Rangoon Port Trust for services rendered by their ships and officers

87 The last item in the statement in paragraph 84 it is not at present possible to estimate accurately In the earlier years the charges included the river gun-boat *Irrawaddy*, which is at present, as it is understood, otherwise charged The charge of 81 in 1886-87 includes 35 for two steamers, the *Paletwa* and *Mayu*, plying on rivers in the Arakan District for the development of local traffic, and 5 for what the local accounts call "Dockyards," but which are explained to mean salaries for the *personnel* of ships under building or repair There is also an item of 40 on account of the intended purchase of a sea-going vessel for the

The Future Provincial Contract with Lower Burma

Education Medical

port of Akyab, an expenditure which is not yet arranged for. Excluding this item, the Budget would stand at 2,36, and thus may be provided in the new Contract.

88 *Receipts*—Against the expenditure there are the following receipts: freight and passage receipts estimated at 24, and fairly steady; coast light dues, of which the receipts in the four years ending 1886-87 have been 1,71, 1,60, 2,00, and (Budget) 1,87, and other receipts about 3. We may take the Budget figure of 2,16.

89

EDUCATION

	1883-84	1884-85	1885-86	1886-87 Budget
Direction and Inspection	48	81	84	59
Colleges and Schools	1 07	1,60	1,70	1,75
Contributions to Municipalities	86	81	81	83
Miscellaneous	71	41	35	54
TOTAL	3 12	3 63	3,70	3,71
Receipts	36	49	41	44

90 The decrease in 1886-87 under the head of Inspection appears to be due to the transfer of some of the charges to Local, the Budget Estimates repeated. Local expenditure on Education has risen from 77 in 1884-85 to 1,00 in 1885-86, and 1,61 is estimated for 1886-87. The Chief Commissioner anticipates some possible decreases of expenditure under this head, as the Grant-in-aid Rules come under revision shortly, and the grants to Municipalities are also open to revision in 1887. Meantime we adopt the existing measure of the expenditure.

91

MEDICAL

	1883-84	1884-85	1885-86	1886-87, Budget
Medical Establishment	1,17	1,24	1,22	1,20
Vaccination and Sanitation	12	12	12	13
Hospitals and Dispensaries	12	11	11	12
Grants for Medical purposes	31	23	22	22
Medical Schools		1	2	15
Lunatic Asylums	20	20	21	21
Other Charges	12	17	15	18
TOTAL	2,04	2 08	2,05	2,21

92 *Expenditure*—The first line of the above statement represents for the most part the salaries of the Civil Surgeons, eighteen in number, of these eight (including Rangoon, Moulemein, Bassein, and Akyab) are reserved appointments, and the rest are tenable, and are actually held, by Uncovenanted officers. The Chief Commissioner states that he would have no objection to reserving only the four above-mentioned.

93 A single officer on Rs1,500 a month combines the duties of Inspector-General of Prisons, Inspector-General of Civil Hospitals, and Sanitary Commissioner. He has a very small office. The greater part of the charge under Vaccination and Sanitation represents part of his pay and establishment, as only one vaccinator, out of 63 employed in the Province, is charged to Provincial, the rest being paid from Local or Municipal Funds.

The Future Provincial Contract with Lower Burma

Scientific and Minor Departments

94 Similarly, only two dispensaries are Provincial, the Provincial expenditure on Hospitals and Dispensaries being mainly the cost of those two, and of a small number of Hospital Assistants maintained as a reserve. Municipalities maintain their own hospitals at a cost of about 1,20, but obtain grants-in-aid from the Government of 22 or 23 (charged above under "Grants") under the arrangement indicated in paragraph 81. The charge under Medical Schools (which apparently sometimes appears under Education) represents the cost of maintenance and fees and passages of seven students at the Medical College, Calcutta, who receive Rs60 per mensem, of six at the Auxiliary Medical School, Madras, who receive Rs68 per mensem, and of five undergoing preparatory training in Burma, who get Rs20 per mensem. These grants seem to en rather on the side of liberality. Of the Other Charges the greater part is on account of Lock Hospitals.

95 *Receipts* —The receipts under Medical are only 9

96 SCIENTIFIC AND MINOR DEPARTMENTS

	1883-84	1884-85	1885-86	1886-87, Budget	Committee's Estimate
Immigration	1,33	3		2	.
Agricultural Department	36	25	15	21	} 15
Experimental farms	11	11	20	20	
Veterinary class	23	23	21	26	20
Public Exhibitions	9	10	10	5	5
Other heads	22	16	18	13	11
TOTAL	2 37	91	84	87	54
<i>Receipts</i>	3	2	2	2	2

97 Under the first head expenditure has practically ceased. The next two heads represent the cost of a Department under an Assistant Director, who is engaged in making Agricultural experiments, and in travelling about to teach better methods, and to introduce better implements and new cultivations. The agreement with the Assistant Director expires in May 1887, and the Department will probably be abolished then, the residuary work being placed in the hands of the "Supplementary Survey" Department. The Chief Commissioner, though considering the expenditure under these two heads very useful, expresses disappointment with the results, and proposes to reduce the expenditure upon the Experimental farms. It seems sufficient to allow 15 for the expenditure, now classed under the two heads.

98 The Veterinary class represents the cost of about 23 men who travel about to deal with cattle disease, and to give instruction in better methods of caring for cattle. The Chief Commissioner says that the expenditure is stated at too high a figure in the estimates, and that it is decreasing. We may allow 20 under this head.

99 The high figure of 1885-86 under Public Exhibitions is due to expenditure connected with the London Exhibition.

Public exhibitions

Future estimates

100 Making the reductions above noted, the whole estimate will stand at 54 Expenditure and 2 Receipts.

The Future Provincial Contract with Lower Burma

Superannuation Allowances, &c

Stationery and Printing

Miscellaneous

SUPERANNUATION ALLOWANCES AND PENSIONS

101 The expenditure has been stationary at 1,73 and 1,74 during the past three years, as the discontinuance of some high gratuity charges counterbalanced the slow increase of pensions. The Budget provides a slightly higher rate of payment (1,79) and 3 receipts, which may be adopted. We retain this head as Provincial, for the reasons given in paragraph 182 of Chapter VI.

102

STATIONERY AND PRINTING

	1883-84	1884-85	1885-86	1886-87 Budget
Stationery	84	74	(a)	84
Printing	87	99	1,03	1,11
Receipts	5	8	4	4

(a) Not yet made up

103 The provision for Stationery has been increased from 77 to 84 by the transfer of 7, cost of stationery purchased in the county, which was charged under Contract contingencies not subject to audit in 1882-85. The remaining charges were unusually high in 1883-84 owing to special work on vernacular editions of the Codes. The Budget figures may be adopted.

104 The greater part of the printing charges is for the Secretariat Press, the Jail Press, which is used for the printing of forms, costing only about 20 out of the whole. The Budget Estimate is raised to 1,11 by a demand of 13 for new materials and stock, but, as a considerable increase is anticipated in the Secretariat Printing, owing to increased work brought upon the Secretariat by Upper Burma, it would apparently be well to take the Budget as the present probable estimate of the cost.

MISCELLANEOUS

105 *Expenditure* — The miscellaneous charges were 38 in 1884-85, and 32 in 1885-86, and are estimated at 24 in 1886-87. Of this amount 9 or 10 is on account of destruction of wild animals, and the rest is composed of a large number of small items. The figures of 1884-85 were specially enhanced by a grant of R10,000 to an Industrial Home, but it would appear on the whole that the Budget Estimate of 24 is a little short of the probable charge. We may take it meantime, subject to this reservation.

106 *Receipts* — The miscellaneous receipts in the same three years were 22, 24, and 23, of which about 12 represent fees received for audit. The amount may also be taken at the Budget figure.

The Future Provincial Contract with Lower Burma

Public Works—Railways and Irrigation, &c

PUBLIC WORKS

RAILWAYS—REVENUE ACCOUNT

107 The Revenue transactions of the Burma State Railways are as follows —

	1881-82	1882-83	1883-84	1884-85	1885-86	1886-87, Budget
Revenue	15,29	15,87	16,77	21,66	23,86	26,00
Expenditure	8,97	9,88	10,21	13,44	17,48	17,50
Net Revenue	6,32	5,99	6,56	8,22	5,88	8,50
Interest	5,59	6,91	8,53	9,92	11,20	10,98

108 The gross revenue has been steadily increasing The increase in interest, in excess of the increase of net revenue, is due to the increase in the Capital expenditure on the Sittang Valley Line, which has only recently commenced to earn revenue We have received no information regarding this line from the Chief Commissioner, but the earnings of the Railway system show steady and considerable progress, and it seems probable that the net Revenue this year will exceed the estimate Next year it is estimated by the Local authorities that there will be an improvement of two lakhs, the Railway earning 28 lakhs with an expenditure of 17 lakhs, or 11 lakhs net This estimate does not include any revenue from the carriage of materials for the extension to Mandalay, from which the Railway will probably reap considerable benefit We therefore consider that in preparing the new Contract the net Revenue may be safely placed a little above the Estimate of the year, or at Rs9,00,000

RAILWAYS—CAPITAL ACCOUNT

109 No provision under this head is necessary The Mandalay line will be charged as an Imperial work, at least during its construction

IRRIGATION AND NAVIGATION

110 The transactions under this head are as below —

Revenue

	1881-82	1882-83	1883-84	1884-85	1885-86 Revised	1886-87 Budget
Irrawaddy embankments	1	1	2	2	1	1
Works for which neither Capital nor Revenue Accounts are kept	31	42	38	31	39	30
TOTAL	32	43	40	33	40	31

Expenditure

	1881-82	1882-83	1883-84	1884-85	1885-86 Revised	1886-87 Budget
Works for which neither Capital nor Revenue Accounts are kept	3,34	8,53	5,36	3,99	2,40	2,00
Capital Account— Irrawaddy embankments	97	—7				
Revenue Account— Irrawaddy embankments	63	68	50	2,88	1,12	1,10
Other Works	4					
TOTAL	4,98	9,14	5,86	6,82	3,52	3,10

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Public Works—Civil Works

- 111 *Expenditure*—The figures in the upper line refer chiefly to the Pegu and Sittang Canal, the Kyaukto Canal, and several scattered undertakings of a like character

Canals

- 112 The Chief Commissioner has furnished by telegraph the following particulars giving the details of anticipated outlay on original works during the next five years —

Chief Commissioner's estimate for the future for New Works

	R
Pegu Canal completion	2,50,000
Training streams, Thairawaddy and Shwegyi in Districts	2,00,000
Completion, Sittang Embankment	2,00,000
Completion, Kyaukto Canal	1,25,000
Ngawin Embankment	2,00,000
Swelsing Embankment	1,00,000
TOTAL NEW WORKS	10,75,000

- 113 Besides this, he estimates the cost of maintenance and repair of embankments at one lakh a year, making altogether an average annual expenditure of 3,15 We know nothing about the New Works, but then necessity will, no doubt, be fully explained before any allotment is finally sanctioned According to this year's Budget, it was estimated that the completion of the Kyaukto Canal would cost R2,39,971 As R2,51,000 has been allotted thereto, there should be no further necessity for expenditure in 1887-88, unless a large excess on this work is anticipated Without giving any opinion as to the necessity for these, or any other New Works, we take, for the purpose of the Contract, this year's figure, 3,10, of which we reckon 1,00 for maintenance. This will leave 2,10 available for New Works

Repairs.

CIVIL WORKS

- 114 *Revenue*—The figures of the last six years are as follows —

	1881-82	1882-83	1883-84	1884-85	1885-86 Revised	1886-87, Budget
	R	R	R	R	R	R
Public Works Department	1,27 (a)	56	48	69	47	45
Civil Department		1			1	1
TOTAL	1,27	57	48	69	48	46

(a) Including 18 Military Works Revenue

- 115 In the new Contract we propose to take the Budget figure 46.

- 116 *Expenditure*—The outlay on Civil Works charged to Provincial is exhibited under main heads in the following statement The outlay on Local Fund Public Works is also added at foot The procedure, under which the ordinary outlay on Military Works in Burma was charged to Provincial, ceased at the close of

The Future Provincial Contract with Lower Burma

Adjustments

the first Contract in 1881-82, but some exceptional items were subsequently charged to Provincial at the request of the Chief Commissioner

CIVIL WORKS	1881-82	1882-83	1883-84	1884-85	1885-86 Revised	1886-87 Budget
Original works—						
Civil Buildings	R 6,62	₹ 7,57	R 5,26	R 1,94	R 1,53	R 42
Communications	11 42	11,78	11,87	7,81	1,78	48
Miscellaneous	1,04	2,50	38	28	2	3
Total	19,08	21,85	17,51	10,03	3,33	93
Repairs—						
Civil Buildings	85	97	92	1 03	1,13	1,24
Communications	3,06	2,94	3,58	3,15	3,79	3,89
Miscellaneous	4	13	15	5	6	6
Total	3,95	4,04	4,65	4 23	1,08	5,19
Establishments	4,07	4 58	5,04	5 07	4 76	5,16
Tools and Plant	96	63	67	37	2	97
Suspense &c	—91	—44	—8	—9		
Civil Officers		51	50	44	44	44
Total Civil Works	27,15	31,17	29,19	20,05	13,53	12,09
Total Military Works	5,05	3		20		
Total Provincial	32,20	31 20	29,19	20,25	13,53	12 09
Local	6 54	7,11	6 01	4,80	3,80	4 00

117 The expenditure on establishments in the current year appears very high, and should be capable of reduction. In the present state of the finances we do not think that a larger sum than ₹12,00,000 can be allotted to the Province for outlay under the head Civil Works, and if the outlay is limited to this sum, the expenditure on establishments should not exceed ₹3,00,000. We have had no estimate of the necessary outlay on Repairs, but it seems probable, that the amount needed under this head should not exceed ₹4,75,000. If ₹50,000 is found sufficient for outlay by Civil officers, increase in suspense, &c, and tools and plant, the obligatory expenditure is ₹8,25, and a sum of ₹3,75,000 will be available for outlay on Original Works. But in order to carry out this reduction, it may be necessary for the Government of India to provide elsewhere for the extra officers (now costing 2,16) with whom the Chief Commissioner may wish to dispense.

ADJUSTMENTS

118 We append to this chapter two Statements, A and B, which show the total and the Provincial share of all Provincial and divided heads according to the Budget of 1886-87, the total estimates of Revenue and Expenditure now adopted under the same heads, and the Provincial share of each, both according to the system now in force, and also under the system prescribed for the future Contract in the Government of India's letter No 2187, dated July 26th, 1886, Department of Finance and Commerce, but with the modifications under Salt and Customs mentioned in paragraphs 27 and 35.

119 We have assumed that the new Contract will annul all adjustments made since 1882 in the current Contract on account of modifications in the distribution of revenue and expenditure. They amount to ₹1,47 net, and are shown in Statement A

CONCLUSION

only to the extent of the surplus of the Province for the year 1907-1908. To the extent of the surplus of the Province for the year 1907-1908, the Province of Alberta has a surplus of the Province for the year 1907-1908.

120 The first report of the Commission on the Province of Alberta, 1907-1908, is a report on the Province of Alberta, 1907-1908. The Commission has found that the Province of Alberta has a surplus of the Province for the year 1907-1908. The Commission has found that the Province of Alberta has a surplus of the Province for the year 1907-1908.

CONCLUSION

121 Columns 3 of Statement A and B show that the Province of Alberta has a surplus of the Province for the year 1907-1908. The Province of Alberta has a surplus of the Province for the year 1907-1908.

122 Columns 4 and 5 of the Statement show that the Province of Alberta has a surplus of the Province for the year 1907-1908. The Province of Alberta has a surplus of the Province for the year 1907-1908.

	Revenue	Expenditure
Revenue	2,477,000	1,100,000
Expenditure	1,100,000	1,100,000
Surplus	1,377,000	0

123 There is thus a Provincial surplus of 1,07, which is the difference between the estimated revenue from the Province and the estimated expenditure on the Province. The Province of Alberta has a surplus of the Province for the year 1907-1908.

124 The last columns of the two Statements exhibit the Provincial Revenue and Expenditure for the year 1907-1908. The Province of Alberta has a surplus of the Province for the year 1907-1908.

	Revenue	Expenditure
Revenue	1,100,000	1,100,000
Expenditure	1,100,000	1,100,000

125 The deficit of 7,62, which will then exist, will be due to the fact that the Province of Alberta has a deficit of the Province for the year 1907-1908. The Province of Alberta has a deficit of the Province for the year 1907-1908.

126 Before closing this report, we must mention one other point. The Province of Alberta has a surplus of the Province for the year 1907-1908. The Province of Alberta has a surplus of the Province for the year 1907-1908.

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Statement of Revenue

A—STATEMENT OF REVENUE

	BUDGET ESTIMATE OF 1886-87		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed
I	2	3	4	5	6
Civil Heads	R	R	R	R	R
Land Revenue, divisible	1,04,06	34,17	1,04,42	34,29	(a) 26,10
" Provincial	11,01	11,01	11,00	11,00	11,00
Salt	2,60	85	2,60	85	85
Stamps	10,00	5,00	9,38	4,69	7,04
Excise	22,16	11,08	22,16	11,08	5,54
Customs, Export duty	46,14	15,16	44,61	14,65	14,65
" Provincial Receipts	24	24	24	24	24
Forests	18,00	9,00	18,00	9,00	9,00
Registration	28	14	28	14	14
TOTAL REVENUE HEADS	2,14,49	86,65	2,12,69	85,94	74,56
Law and Justice, Courts	2,59	2,59	2,59	2,59	2,59
" Jails	1,85	1,85	1,85	1,85	1,85
Police	14	14	14	14	14
Marine	2,16	2,16	2,16	2,16	2,16
Education	44	44	44	44	44
Medical	9	9	9	9	9
Scientific, &c., Departments	2	2	2	2	2
TOTAL CIVIL DEPARTMENTS	7,29	7,29	7,29	7,29	7,29
Superannuations	3	3	3	3	3
Stationery and Printing	4	4	4	4	4
Miscellaneous	23	23	23	23	23
TOTAL MISCELLANEOUS	30	30	30	30	30
Total Civil Heads	2,22,08	94,24	2,20,28	93,53	82,15
Public Works					
State Railways	26,00	26,00	26,50	26,50	26,50
Irrigation (Minor Works)	31	31	31	31	31
Civil Works	46	46	46	46	46
Total Public Works	26,77	26,77	27,27	27,27	27,27
TOTAL REVENUES	2,48,85	1,21,01	2,47,55	1,20,80	1,09,42
Contributions (net)	.	6
Adjustments—					
For alterations of classification		—1,47		—1,47	.
Inter provincial		—23			.
For special expenditure		25			.
TOTAL RESOURCES	2,48,85	1,19,62	2,47,55	1,19,33	1,09,42

(a) The Government of India letter No 2187 dated 28th July 1886 proposes the assignment of a fixed sum plus a quarter of the increase. We adopt in this statement the somewhat more convenient, but equivalent, course of assigning one quarter of the whole, plus a fixed sum.

The Future Provincial Contract with Lower Burma

Statement of Expenditure

B—STATEMENT OF EXPENDITURE

	BUDGET ESTIMATE OF 1886-87		ESTIMATES NOW ADOPTED		
	Total	Provincial share	Total	Provincial share as at present	Provincial share as proposed.
1	2	3	4	5	6
Civil Heads					
Refunds—	R	R	R	R	R
Land Revenue, Salt and Customs	1,26	39	1,15	36	29
Stamps, Excise, and Forests	26	19	20	10	9
Land Revenue—					
Collectors and Establishments	7,52	7,52	7,52	7,52	7,52
Survey and Settlement	5,31	1,75	4,18	1,38	1,05
Commission on Collections	7,11	2,40	7,11	2,40	1,84
Salt	3	3	3	3	3
Stamps	24	12	24	12	18
Excise	52	26	52	26	13
Customs	1,73	1,73	1,67	1,67	1,67
Forests	11,90	5,95	11,90	5,95	5,95
Registration	16	8	16	8	8
TOTAL REVENUE HEADS	36,04	20,36	34,68	19,87	18,83
General Administration (except Account Office)	3,87	3,87	3,86	3,86	3,86
Law and Justice, Courts	11,51	11,51	11,50	11,50	11,50
" " Jails	6,15	6,15	6,15	6,15	6,15
Police	19,93	19,93	19,93	19,93	19,93
Marine	2,76	2,76	2,36	2,36	2,36
Education	3,71	3,71	3,71	3,71	3,71
Medical	2,21	2,21	2,21	2,21	2,21
Political	3	3	3	3	3
Scientific, &c, Departments, Provincial	87	87	54	54	54
TOTAL CIVIL DEPARTMENTS	51,01	51,04	50,29	50,29	50,29
Superannuations	1,79	1,79	1,79	1,79	1,79
Stationery	1,95	1,95	1,95	1,95	1,95
Miscellaneous (Provincial items)	24	24	24	24	24
TOTAL MISCELLANEOUS	3,98	3,98	3,98	3,98	3,98
Post Office	61	61	61	61	61
Total Civil Heads	91,67	75,99	89,56	74,75	73,71
Public Works					
Railways—Working expenses	17,50	17,50	17,50	17,50	17,50
" Interest	10,93	10,93	10,93	10,93	10,93
Irrigation Minor Works—Provincial	3,10	3,10	3,10	3,10	3,10
Civil Works—					
Original works	93	93	3,75	3,75	3,75
Repairs	5,19	5,19	4,75	4,75	4,75
Establishment	5,16	5,16	3,00	3,00	3,00
Civil Officers	44	44	50	50	50
Other Charges	37	37			
TOTAL CIVIL WORKS	12,09	12,09	12,00	12,00	12,00
Total Public Works	43,62	43,62	43,53	43,53	43,53
GRAND TOTAL EXPENDITURE	1,35,29	1,10,61	1,33,09	1,18,28	1,17,24

Dissent by the Hon'ble Mr Ranade

MEMORANDUM OF DISSENT BY THE HONOURABLE
MR M G RANADE

CHAPTERS III TO X

The revision of the provincial contracts with a view to ensure economy and efficiency, and benefit Imperial finance, formed one of the subjects entrusted to the Finance Committee for inquiry, and, as matters have turned out, it has been by far the most important portion of the work undertaken and finished by the Committee. This part of the inquiry was at first entrusted to the provincial contract sub-committee (Mr Westland, Colonel Filgate, and Mr Bliss). And it was further

vide Proceedings, 12th April 1886

resolved that Dr Hunter should be associated with the sub-committee in matters relating to education, and Mr Hardie in matters relating to currency. The instructions to the sub-committee contemplated that, after making a detailed examination of past revenue and expenditure, and framing an estimate

Proceedings, 17th April 1886

of probable receipts and expenditure during the next five years, "provisional notes should be drawn up for communication to the local Governments, suggesting what assignments should be made in each case on a general view of the financial position of the province, and of any suggested reductions." Before the Committee closed their labours at Simla, and proceeded on tour through the provinces, it was settled, in order to secure

Proceedings, 17th April

Bombay, 17th July 1886

despatch in the negotiations regarding the new revision of provincial contracts with the local Governments, that the president and the members of the provincial contract sub-committee, who were to go on tour, should have the powers of the full Committee delegated to them in respect of making suggestions and proposals to the Government of India, subject to two conditions, namely, that the drafts of the proposals so made should show which of the proposals were acceptable or otherwise to the local members and local Governments, and that copies should be sent to the members not on tour, who might record a dissent at any subsequent time, if they disapproved of the reductions suggested. This delegation of powers did not in any way necessitate a reversal of the original arrangements by which Dr Hunter was to assist in the education portion of the work, and the sub-committee was to draw up only provisional notes to be communicated to the local Governments. In due course, these provisional notes would have come up again before the full Committee to be finally approved and embodied in the report. Owing, however, to the dissolution of the Committee on 20th December 1886, many of these arrangements could only be imperfectly carried out. The credit and the responsibility for the provincial notes as they stand chiefly belong to the President and the provincial contract sub-committee. The other members of the Committee received some of these notes only a few days before the dissolution, and in the case of the notes received earlier, it was thought advisable to wait till the final report, as each separate note could not conveniently be considered by itself without comparing its suggestions with the settlement of similar questions arrived at in the other notes.

These members have not also had the advantage of knowing definitely and exactly what portion of the suggestions were accepted or not by the local Governments, who have the responsibility of working them out in detail. The

Dissent by the Hon'ble Mr Ranade

Land Revenue

practice observed on the occasion of Mr Rickett's commission in 1856 was to supplement preliminary notes with a detailed statement of remarks made by the local Governments, and necessary modifications made in consequence thereof before the final report was drawn up for the orders of Government. This practice could not under the circumstances be followed in the present case, and the general members of the Committee have no course left but to record their separate dissents from such of the suggestions made and principles enunciated as they could not subscribe to, and forego the advantage of common deliberation which might have minimised differences and promoted agreement. As many of the matters dealt with in the notes have already been the subject of final settlement with certain modifications between the Government of India and the several local Governments, the dissents so recorded by individual members will possibly be too late for practical purposes. It is none the less necessary, however, that the original object of Government in appointing a varied and fairly representative, instead of a purely official, Committee, should be carried out as far as may be possible, especially as these differences relate to questions of principles, which do not greatly affect the details of economy suggested, but involve issues of far wider reach than are represented by mere retrenchments of expenditure. These preliminary remarks will, I trust, serve to avoid all misunderstanding, and explain the circumstances under which it has become necessary to record this dissent.

LAND REVENUE

A.—DISSENT FROM PROPOSALS ABOUT SURVEY AND SETTLEMENT

Receipts

I dissent from the recommendation made in these paragraphs. In the Punjab Note, the Committee refers to a plan by which it is proposed that the resettlements should be introduced without the preliminary laborious operations, to which plan it is further stated that the Government of Punjab has not yet given its assent. In the Central Provinces Note, it is stated that a summary settlement is in some places to precede the regular operations, and in others to be substituted for them. The Madras Note goes further, and states that "if there is of necessity any great delay in completing the settlement of a district which is known to be very much under-assessed, *e.g.*, Tanjore and Malabar, a summary settlement might be made on the basis of the village papers so as to avoid the loss which would otherwise ensue to the Government Treasury."

I feel that these suggestions are open to question both on the ground of fairness and practicability. Laborious survey and settlement operations are either necessary or superfluous. If necessary, and the work is unnecessarily delayed, the Government should enforce despatch, but it cannot well expect any good work if, because the work is delayed by the system followed by its own officers, a rough settlement based on village papers should be introduced with a predetermination that it shall lead to enhancement. Government cannot well fix the limit of this enhancement, and its individual incidence, on any such rough basis. If these operations are really unnecessary, they had better be dispensed with altogether, to the great relief of both the Government Exchequer and the people liable to be affected by these operations.

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Land Revenue

It may be noted also that where a rough unscientific system of settlement is in progress, as in Bengal, the results have been so unsatisfactory that the Committee's Note on that Province complains of the work as being slow, expensive, and of doubtful utility, resulting in loss to Government, and a recommendation is made for the completion of the work by the officers of the professional Settlement Department with their laborious maps and records. This recommendation to more largely employ professional as against unprofessional agency is inconsistent with the proposals made in the Punjab and Madras Notes.

B.—DISSENT IN REGARD TO SEASONAL REMISSIONS

The next point on which I find it necessary to dissent relates to the suggestion made in the Madras Note in regard to the policy of dispensing with the seasonal remissions in the Madras Presidency. The reason assigned for this change is that the assessments are based on the average prices of 20 years past, with a large deduction from the average in order to meet the case of a failure of the crops. This suggestion appears to me to have been made more from a consideration of the theory than of the practical working of the Madras system of assessment. That system even in theory has always contemplated the necessity, and the practice has been almost invariable, of granting these seasonal remissions. The Madras assessments are so high pitched that they do not really leave any margin for bad years. The fact that, in the last famine, 25 per cent of the population died of starvation and disease, is itself a sufficient proof that no such margin is left. Seasonal remissions may be dispensed with in Provinces where the settlements are permanent, or fixed for entire villages on the basis of a share in rent values. But in Madras and Bombay, with a ryotwari and periodical system of settlements, these remissions cannot be dispensed with, as it is only once in three years there is a good crop, alternately with a bad and a middling crop. The reduction of the amount of seasonal remissions from an average of 14 lakhs to less than 2 lakhs can end only in unduly swelling the estimates, and disorganising the system of Land Revenue administration in the Madras Presidency.

The special arrangement proposed in paragraphs 20 and 21 (Madras Note), and which I understand has been accepted by the Local Government, will, for the reasons stated above, be found to be an unworkable scheme, as the margin of 40 lakhs is fixed at too high a figure, and will throw the burden of loss on the Provincial Government exclusively.

C.—DISSENT IN REGARD TO COLLECTOR'S AND ESTABLISHMENT CHARGES

Expenditure

I dissent from the Committee's general acceptance of the existing scale of expenditure under this head. Excepting the amalgamation of the offices of the Collector of Customs and Collector of Bombay (paragraphs 16-18, Chapter VI), and unimportant reductions in Madras (paragraph 28, Chapter VII) and Punjab (paragraphs 14-17, Chapter III), the Committee have suggested no economies in these provincial Notes, either under the head of Land Revenue Collection Charges or of the Survey and Settlement Charges. The instructions of Government that the questions of revising Collectors' salaries, &c., were not to be gone into have been too liberally interpreted. It appears to me that there is room for considerable economy here, as the Land Revenue collection charges

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Land Revenue

in the several Provinces present considerable differences, which are not satisfactorily accounted for by the differences in area, population, and Land Revenue of these Provinces

The following statement summarises the figures for area, population, number of Collectors, the Land Revenue collections, and the Collectors' and Establishment charges as accepted by the Finance Committee in these Notes —

	No of District Collectors	Area in square miles	Population in millions	Estimates of Land Revenue, 1886-87	Collectors and Establishment Charges	Percentage
				Thousands omitted	000s omitted	
Bombay	23	1,24,000	16½	32900 + 7327 (<i>Alena</i>)	29,53	7½
Madras	21	1,41,060	31½	45455	31,87	8
Bengal	45	1,93,000	69½	37613 + 387 (<i>Provincial</i>)	27,68	7½
N-W Provinces	45	1,06,000	44	57400 + 570 "	35,00	6
Punjab	31	1,06,000	19	22013	17,98	8½
Central Provinces	18	84,000	10	6118	7,28	11½
Burma	20	87,000	3½	10442 + 1100 (<i>Provincial</i>)	7,52	6½
Assam	11	40,000	5	4200	7,94	19½

Assam by this calculation presents the highest figure of comparative cost, and the Central Provinces come next in order. The other Provinces are on nearly the same level. These figures are, however, to some extent too vague to serve any useful purpose of comparison, as the systems of Land Revenue collections in the different Provinces vary greatly. In some Provinces there are no Tahsildars, in others the Revenue executive officers combine both Civil and Criminal functions. It is necessary therefore to enter into greater details. In presenting these details below, no deduction on account of Criminal Courts has been made, as different proportions obtain in the different Provinces in regard to the share of cost so deducted, and it is clear that the Criminal and Civil work is only an adjunct of the principal charge in respect of Land Revenue, which would show little real decrease even if these establishments were relieved of all other duties. In the absence of later figures, I have utilised the accounts of 1884-85, as these give the actuals about which there is not much room for dispute, and where these were wanting, the Budget figures for 1885-86 have been used.

Thousands omitted

	Central Provinces	Burma	Assam	Bengal	N W Provinces	Punjab	Madras	Bombay
Collectors, Deputy Commissioners	525	848	439	2,560	3,036	1,219	1,057	1,209
Assistants, Extra Assistants, &c	103	171	210	101	824	286	600	544
Establishments	245	72	8	162	1,212	555	1,212	1,138
Tahsildars	40	103	47	311	216	140	441	590
Contingencies	210	762	266	156	3,467	37	3,163	2,658
Travelling allowances, &c	(Part-wari) 1885							
Allowances to village officers and commission for collections	1,132	1,956	97	4,216	8,815	1,737	6,476	6,639
TOTAL BEING	18 p c	17 p c	23 p c	11 p c	15 p c	8 p c	14 p c	16 p c
TOTAL LAND REVENUE COLLECTIONS	6,200	11,500	4,200	38,060	58,000	22,000	45,500	40,227

Dissent by the Hon'ble Mr Ranade

Land Revenue

The percentage on the revenue collected of the salaries of superior executive officers varies from 2 to 3 per cent in Bombay and Madras, to 5 to 6 per cent in North-Western Provinces, Bengal, and Punjab, and mounts up to 7 or 8 per cent in Central Provinces and Burma, and is 10 per cent in Assam. The percentage of office establishments again is highest in Assam, nearly 5 per cent, while it ranges between 1 and 3 per cent in the other Provinces. The Tahsildars' charges are almost nil in Assam, which thus virtually employs costly agency for work done elsewhere by Tahsildars. The Tahsildars' charges range between 2 and 3 per cent in the other Provinces, being highest in the Central Provinces, about 4 per cent. The village officers' and commission charges are highest in Madras, Bombay, Burma, Assam, and North-Western Provinces, being 5 to 6 per cent, and they are lowest in Bengal and Punjab. On the whole, in the smaller non-regulation Provinces the higher staff is either overpaid or over-manned, and this especially is the case in Burma, Assam, and Central Provinces. This is due in great measure to the large number of smaller districts which have been created in these Provinces. The concentration of Revenue and Judicial (both Civil and Criminal) powers in the hands of non-regulation district officers, has been urged as an excuse for the constitution of the smaller districts, but in regard to Assam

Special Civil and Criminal charges

Assam	3 86,000
Central Provinces	3,66 000
Burma	4 37,000
Bengal	47,91 000
N-W Provinces	27,82 000
Punjab	14 81 000
Madras	24,43 000
Bombay	30 43,000

there is no force in this argument, because its special charges for Civil and Criminal Courts are nearly 11 per cent of its land revenue, against 5 per cent North-West Provinces, 7 per cent Central Provinces, 7 per cent Bombay, 5 per cent Madras, 7 per cent Punjab, and 13 per cent Bengal. The tendency moreover of late years has been to

swell these charges without in any way diminishing the Revenue executive

A revision of these district arrangements, if it leads to the union of the smaller revenue charges into larger ones, might furnish much room for economy, and would facilitate the solution of the problem of the further separation of Judicial from Executive functions, which Government feels itself unable to cope with by reason of financial difficulties.

D—DISSENT IN REGARD TO SURVEY AND SETTLEMENT CHARGES

I dissent also from the Committee's acceptance of the existing scale of charges on account of land Survey and Settlement. In regard to these charges, the Finance Committee have generally recommended, at least for the next five years, the continuance of these establishments on their present footing, even when the expenditure has increased of late years, as in the North-Western Provinces by 3 lakhs. The recent Government of India Resolution, which suggested the early closing of the operations of this Department in the settled Provinces, might well, under the stress of the existing pressure, have been more largely given effect to, at least gradually. The survey and settlement charges together come to a very large sum, about 50 lakhs of rupees per year, being distributed in the following way —

(Punjab 5,20,000, North-Western Provinces 10,00,000, Central Provinces 5,50,000, Madras 10,70,000, Assam 1,89,000, Burma 4,16,000, Bengal 3,30,000, and Bombay 8,80,004), or one-sixth of the charge of Land Revenue collections. Seeing that during the last ten years the Land Revenue has increased only by one crore of rupees, the Survey and Settlement charges for the same period greatly exceed the additional revenue brought in by these operations. How expensive and dilatory the process of settlement is may be best illustrated by the figures given by the Madras Government in respect of the 14 districts brought

Dissent by the Hon'ble Mr Ranade

Salt

under Survey Settlement in that Presidency I gather from a statement, officially published by that Government, that the land revenue of the 14 districts (202 lakhs) was raised to 218 lakhs, at an expenditure in twenty years of nearly 180 lakhs of rupees. In other words, it would have been worth the while of the Government to have saved the whole trouble of the settlement and saved its money with the interest thereon, or invested it in reproductive works which would have brought in a larger return to the treasury than was secured by this expenditure. If increase of revenue be the only object, it can as well be obtained in all districts once surveyed and settled by a percentage enhancement in some proportion adjusted to a permanent rise of prices all round, without disturbing the relative values of holdings, which disturbance every settlement necessarily involves. This whole question requires to be reconsidered in the spirit of the Resolution of the Government of India which directed a modified system of fixed assessments, variable only in respect of general causes or State expenditure on a large scale.

This enquiry has now become the more necessary because of the creation of a separate department for the collection of agricultural facts and statistics, and the preservation and correction of the record of rights. Considerable expenditure has been incurred by all the Governments on this account in the creation of Directors of Agriculture, District and Tahsil Kanungos and Revenue Inspectors. Nearly 2 lakhs have been specially allowed on this account for Punjab, half a lakh for Bengal, Rs 75,000 in Central Provinces, and nearly half a lakh in Bombay. The intention of Government in creating these offices was to reduce the cost of its Survey and Settlement Department, and I think that there was and still is, a large scope for reduction in this direction. By accepting the work already done by the Survey and Settlement Department as to the standard measurement and initial classification values, and permitting general considerations alone to guide Government in fixing the scale of its percentage enhancements, Government could easily dispense with the services of a large number of the officers in these two Departments. As it is, the Committee have contented themselves with proposing the amalgamation of the Survey and Settlement Departments in Madras, and proposing a larger substitution of native for costly European agency in that Province. This last suggestion might have been made with equal propriety in respect of the other Provinces, as a substitution of this sort would by itself considerably reduce the cost of the Department, even if it was decided not to meddle with its operations for the next five years.

SALT

E — DISSSENT IN REGARD TO THE MADRAS SALT ESTABLISHMENT

I dissent from the Committee's acceptance of this expenditure on the ground that it is not provincial (paragraph 51), and because the department has been newly organised. The first reason is not sufficient, as the Excise and Salt Departments have been managed by the same agency (paragraph 62). As to the second reason, a revision is necessary because of the recent change of system (paragraphs 50 and 69). The Committee have recommended considerable reductions in the Northern India Salt Department, but no similar reductions have been proposed in regard to the Salt Departments of Madras and Bombay. The Madras Salt Department is chiefly a recent creation, and is, comparatively speaking, a very costly arrangement, seeing that the duties of the Department will now be more and more confined to the supervision and control of private licensed producers.

Madras Note, Chapter VII, paras 51 and 69

Dissent by the Hon'ble Mr Ranade

Salt

The system of direct State manufacture has been since 1884 given up to a larger extent in Madras than in Bombay. The receipts and charges in respect of Salt Revenues in 1884 will be seen from the following statement —

	Government of India, 1884	Bengal, 1884	Madras, 1884.	Bombay, 1884	Burma, 1884
RECEIPTS					
Customs Duty . . .	1,41,60,587	1,91,90,410	1,831	17,614	2,30,765
Sale of Government Salt			1,06,46,940	4,68,982	
Excise Duty .	12,88,055	10,11,999	31,05,245	1,41,34,270	
Fees, Fines, Rents .	92,288	85,364	22,951	1,41,34,270	33,647
Carriage and Freight .	23,554			943	
Miscellaneous .	92,052	36,192	22,136	53,647	
TOTAL RECEIPTS	16,00,572	7,03,27,015	1,37,99,709	1,46,83,893	2,64,000
CHARGES					
Superior Officers .	1,15,306	26,372	1,26,805	93,260	
Establishment .	53,765		4,40,399	5,50,742	.
Preventive Service .	6,43,567		2,90,109	71,385	.
Contingencies .	3,95,075	13,169	14,600	1,38,000	2,745
Carriage and Freight	2,29,103		5,28,702	74,498	
TOTAL CHARGES	14,36,816	39,486	16,31,549	9,13,000	

In Bengal and Burma Salt revenue is chiefly derived from customs duties, and the charges are merely nominal. In Bombay the excise duty system chiefly prevails, in Madras the system in force hitherto was of Government manufacture, but it has been recently given up for the excise system, while under the Government of India, the customs duty is a land duty, and there is a considerable manufacture under State supervision, which requires thus a separate department, and a large preventive establishment. Comparing the cost with the nature of the work done, the Government of India Salt Department compares favourably with Madras. The percentage charges on revenue collected are 12 per cent in Madras against 9 per cent in the Government of India, and 6½ per cent in Bombay. The higher rate of charges in Madras had some justifica-

Dissent by the Hon'ble Mr Ranade.

Stamps

tion when the excise system was not largely in vogue, and the salt sold was chiefly manufactured by Government. As latterly the direct manufacture has been more or less abandoned and the excise system introduced, the Madras establishment ought not to cost much higher than in Bombay, where the excise system has been longer in operation, or at least than the cost of the Government of India Northern India Salt Department. The Salt Department being Imperial, it does not fall within the proper scope of the Provincial contract system, but there can be no doubt that it is very largely overmanned in the higher grades, and there is a large field here for judicious economy by the substitution of native for costly European agency.

F.—DISSENT FROM THE PROPOSAL TO ABOLISH THE AGENCY SYSTEM

In the Madras Presidency, there is a loud complaint that the private speculators in salt are very much left to themselves to fix the price of salt, and that in many places the price charged bears no proportion to the duty levied. A partial and a temporary adoption of the agency system, which was and is largely utilised by the Bombay and Northern India Salt Departments, would tend to check this evil which unnecessarily aggravates the burden of the salt monopoly. The Finance Committee in their Note on the Northern India Salt Revenue have indeed recommended the gradual curtailment of the agency system, and this policy has been to some extent already carried out, in spite of the protests of Mr Hasley, who may be regarded as an authority on this question. I am satisfied from independent inquiries made all over India that a regular agency like this is necessary in districts not sufficiently opened up by railways, and I think it is very much wanted in several parts of Madras and Central India.

STAMPS

G.—DISSENT FROM THE PROPOSAL TO REDUCE THE DISCOUNT PAYMENTS

I dissent from the suggestions made in all the notes to abolish or reduce greatly the scale of discount payments. The recommendations of the Finance Committee on this head suggest the reduction of the discount allowed on the sale of general stamps, and the adoption of the system and rate of discount obtaining in the various Provinces to the North-Western Provinces scale. In that Province, no discount is allowed on the sale of court-fee stamps. It has to be noted in this connection, however, that, compared to its population, the Stamp Revenue is the largest in the Bombay Presidency, being very nearly 3 annas per head, against $1\frac{1}{2}$ anna in North-Western Provinces, $1\frac{3}{4}$ in Madras, 2 annas in Bengal, $1\frac{2}{3}$ annas in Punjab, and $1\frac{1}{4}$ annas in Central Provinces.

Thousands omitted

	Cen Pro	N W P	Bombay	Bengal	Madras	Punjab	Burma	Assam
	₹	₹	₹	₹	₹	₹	₹	₹
Receipts	13,76	62,50	44,80	1,32,56	58,00	34,03	9,38	7,39
Expenditure	37	1,32	1,90	4,82	1,41	1,31	24	36
Population in millions	10	43	16	66	31	20	3 $\frac{1}{2}$	5

The discount system prevails more extensively in Burma, Bombay, Bengal, and Assam than in the other Provinces, and the revenues there are larger than in those Provinces, where the work is done by salaried or ex-officio agents.

Dissent by the Hon'ble Mr Ranade

Registration Excise

It is clear that salaried or ex-officio vendors have not the same inducement to develop the business as private licensees have, and in this view it may well be regarded as more profitable in the end to allow a larger discount with the certainty of its leading to larger sales, than to restrict the sales from fear of the apparently larger expenditure

REGISTRATION

H—DISSENT FROM THE PROPOSAL TO MORE LARGELY UTILISE EX-OFFICIO FOR SALARIED ESTABLISHMENT

Though the Committee have nowhere expressly condemned the system of salaried officers, their general view appears to be in favour of the system which utilises ex-officio agency for most of the work. I dissent from this view for reasons the force of which will be illustrated by the following statement —

Thousands omitted								
	Bombay	N W P	Bengal	Madras	Punjab	Cen Pro	Burma	Assam
Receipts	3,93	3,45	12,10	8,75	1,78	73	28	33
Charges	2,40	1,91	6,22	6,25	98	41	16	23

Wherever ex-officio agency is largely utilised as in the North-Western Provinces and Punjab, it will be seen that registration makes slow progress, while in Bengal, Madras, and Bombay, where a special agency is entrusted with the task, the work has received large development. This circumstance has attracted the notice of the Government of India, and it has oftentimes enforced the advisability of engaging private agency on commission more largely for this purpose.

I.—DISSENT FROM THE PROPOSAL ABOUT DEFICIT OFFICES

I dissent from the recommendations made in the Madras and Bombay Notes, that deficit offices should be abolished. The department should be judged as a whole, and not piecemeal. The closing of the deficit offices will defeat the great object of popularising the usefulness of registration, and especially, as in Bombay, where, in certain districts, registration is universal and compulsory, their abolition will be regarded as a grievous hardship.

Madras Note, Chapter VII, para 97
Bombay Note, Chapter VI, para 60

EXCISE

J.—DISSENT FROM THE PROPOSALS REGARDING EXCISE REVENUE

The Committee have held up the North-Western Provinces and Bombay management as a model for the departments elsewhere. I dissent from this view most strongly. The Committee's Notes look upon the question chiefly from the revenue point of view. The Abkari question has, however, another side which cannot be altogether kept out of view. In holding up the Bombay system as a model for the Department in other Provinces, there is a tendency to forget

Madras Note, Chapter VII, para 61
Punjab Note, Chapter III, para 28
Bengal Note, Chapter VIII, para 57

Dissent by the Hon'ble Mr Ranade

Provincial Rates

the fact that the system in Bombay has excited a great deal of criticism, and formed the subject of a special inquiry, and that it has provoked a protest from the people in a way not hitherto known. These facts show that the Bombay system is not working as satisfactorily in the general interests as the returns of revenue would, taken by themselves, induce people to believe. There is one feature of the Bombay system especially which cannot be too strongly condemned on grounds higher than the revenue side of the question. The contractors for the sale of toddy, spirits, and opium and other intoxicating drugs, are by the terms of the contract made to pay a fixed price for guaranteed minimum quantities, whether they are actually able to sell the same or not. This condition facilitates inspection and checks frauds, but it encourages consumption, and commits Government officers to support the contractor's agency in a way much to be deprecated. In the Madras Note (paragraph 61) the Committee distinctly recommend the introduction in Madras of the North-Western Provinces plan of making the monopoly-holders guarantee a certain amount of consumption. I am strongly of opinion that this minimum provision is morally indefensible. There is another feature of the Bombay system the extension of which is recommended elsewhere, as in Punjab (paragraph 28), namely, the assumption of the management of Abkari revenue in Native States by the Central Department. This suggestion is also to be deprecated for higher than financial reasons, for the pressure which has been brought to bear upon the smaller Native States on this side of India to induce their rulers to consent to the transfer of management, is by no means of a sort which can be held up for imitation elsewhere. With the exception of these two points, on which I feel constrained to dissent from the views of the majority, I agree with the many practical suggestions contained in the Notes on this subject.

PROVINCIAL RATES

K.—DISSSENT FROM THE PROPOSALS TO CHARGE WARDS' ESTATES

The only point in respect of provincial charges to which I find it necessary to refer in this place, is the suggestion made in the Bengal Note, Chapter VIII, paras 59 and 64. Bengal Note to charge a larger share than is done at present of the administration expenses for the management of Wards' estates. These estates pay at present ₹1,20,000, and it is proposed to charge ₹1,72,000 more for the trouble to which the higher officers are put to in connection with the supervision of this management. The whole charge would, it is estimated, thus be 4 per cent on the income of the estates. This is a rather doubtful proposal. The charge for higher officers' salaries in Bengal for collecting the land revenues, not the entire rental, is estimated to be about 14 lakhs in the Note, and as the collections are nearly 380 lakhs, this charge is $3\frac{1}{2}$ per cent. The whole land revenue charge is only $7\frac{1}{2}$ per cent of the collections. As the whole income of the Wards' estates is about $\frac{3}{4}$ of a crore, the land revenue due from these estates (accepting $\frac{1}{4}$ as the land revenue share of the rental) would be about 20 lakhs, on which $3\frac{1}{2}$ per cent would yield about ₹70,000, and the whole charge at $7\frac{1}{2}$ per cent would be about $1\frac{1}{2}$ lakh of rupees for Wards' estates. The present yield of the rates on Wards' estates comes to about $1\frac{1}{4}$ lakh of rupees. These therefore pay nearly their full share of the charges. In Bengal there are no tahsildari establishments and no village charges. I cannot therefore accept this proposal, as it is not justified by the facts of the case.

Dissent by the Hon'ble Mr Ranade

Assessed Taxes Forest Revenue

ASSESSED TAXES

L.—DISSENT IN REGARD TO ASSESSED TAXES

I dissent from the estimate of the Committee that 2 per cent, charge for collections would suffice to cover the cost of collection. In respect of expenditure, the Committee's recommendations are chiefly based on the expectation that the charges incurred in the first year will not have to be repeated, and that, as a general rule, the special expenditure in future years need not greatly exceed the average sum spent on the collection of the License Tax. I think this view of the matter ignores the essential difference between a levy like the license tax with a few fixed classes of rates, and an income tax in which the assessment will have to be fixed upon a more or less detailed particular inquiry into individual incomes. The work of levy can therefore never be as cheaply done as in the case of the license tax. The estimates of receipts and charges accepted by the Committee for the several Provinces, are—

	Receipts	Charges
Bengal	38 lakhs	1,75,000
Assam	2 "	5,000
Madras	13 "	30,000
N.W. Provinces	21½ "	10,000
Central Provinces	34 "	3,000
Punjab	9 "	2,000
Bombay	27½ "	45,000
		2,65,000
TOTAL	112	

There is no relative proportion between the receipts and charges. The expenses, 2½ lakhs, on a total yield of about 112 lakhs, represent a 2 per cent charge which was also the scale of charges for the license tax, with its yield of 50 lakhs and charges 1½ lakhs. I think the scale will have to be fixed at 4 per cent at least.

FOREST REVENUE

M.—DISSENT IN THE MATTER OF FOREST CHARGES

The Committee's Notes appear to me to take a too favourable view of forest finance, on the ground that it is a paying department, and expenditure is more or less an investment. In their Notes the Committee have a small reduction generally accepted the Forest budget as it stands, only officers in Bombay suggested in the allowance paid to certain grades of the Public Works Department (67½ lakhs out of a total revenue of 94 lakhs) is perhaps the form of expenditure which admits of most easy contraction, when stress of financial necessity requires retrenchment. In no other department is the charge for establishment so heavy as in this department. Fully 25 per cent of the gross revenue is spent upon the establishment charges. Out of the remaining 70 lakhs, full 42 lakhs are absorbed by what are called conservancy and working charges. The net but which are only a synonym for temporary establishment charges. The net receipts are thus about one-third of the gross receipts, the remaining two-thirds being absorbed by the Departmental Agency. Fully 15 lakhs out of the fixed charge of 25 lakhs are absorbed by the salaries of the superior officers of the Department, being a charge of 15 per cent on the gross, and nearly 60 per cent on the net, receipts. In some of the Provinces, notably the Government of

Dissent by the Hon'ble Mr Ranade

Forest Revenue

India General, and Assam, the charges have exceeded the receipts for several years, and the excuse urged is that these charges are only preliminary investments, which will return a larger harvest in time to come. Nearly 50 per cent of the so-called surplus is made up of non-forest receipts, as, for instance, 11 lakhs derived from grass and fodder fees of Government pastures or kurans, which have been taken over by the Forest Department from the Land Revenue authorities. These receipts are in fact only a transfer entry. Another lakh and a half are derived from the Government share of forests not managed by the Department. Making these and other deductions, the net revenue is about 12 lakhs on a gross expenditure of nearly 67 lakhs. The working and the conservancy charges in respect of timber removed by Government agency are 50 per cent of the revenue, while in respect of nearly an equal value of timber removed by purchasers, the charges to Government are less than 7 per cent. The system of Government agency prevails largely in Bombay, North-Western Provinces, and Burma, while no difficulty is found in securing private purchasers to undertake the removal in Madras and Bengal, as also in the sparsely-peopled and backward Central Provinces and Assam.

The facts given above supply to my mind abundant proof that a thorough inquiry with a view to reconstitute the establishments, and the system of working in vogue in this Department, is necessary in the interests of economy as well as efficiency. The Bombay Note states, as a reason for not inquiring into these and other details, the fact that a separate commission of inquiry was sitting in this Presidency, but that commission is concerned not with the internal financial management of the Department, but with its external relations to the agricultural classes. The dissatisfaction caused by the Department in Bombay and Madras is an additional reason why this inquiry should be undertaken at an early date. The Department is expected to pay itself, and as the charges increase, the revenues have to be raised anyhow, which leads to complaints. The remarks made above in regard to the larger results of Forest Finance will be fully borne out by the following analysis of the principal figures, being the actuals of 1884-85 —

Thousands omitted

	Govt. of India	Central Provinces	Burma	Assam	Bengal	North West Pro vinces	Punjab	Madras	Bombay	Total in Lakhs
Timber removed by Gov- ernment agency—										
Receipts	85	84	12,57	3	98	8,82	3,28	2,55	17,64	47 Lakhs
Cost	20	36	7,64	3	72	4,38	1,06	1,21	7,60	23 "
Timber removed by private agency—										
Receipts	43	9,08	2,79	1,72	4,45	6,55	3,60	8,33	9,01	46 "
Cost		1,71	8	6	27	42	52	45	41	8½ "
Grass and fodder fees	7	4,23	½		6	2½	2,00	50	3,39	11 "
Revenue from forests not managed by Government	½	10	31	4	4	½	43		39	1½ "
TOTAL RECEIPTS	1,35	10,27	6,71	1 80	5,71	12,72	7,49	11,67	27,74	94½ Lakhs
TOTAL CHARGES	1,95	4,94	12,12	1,96	4,43	10,19	5,51	8,59	17,63	67½ "
Conservancy and work- ing charges	60	3,22	9,39	94	2,09	7,12	2,54	4,04	11,98	42 Lakhs
Establishment charges	74	1,45	2,23	83	1,65	2,55	2,45	3,86	4,20	20 "
Superior officers	45	97	1,20	44	81	1,76	1,38	2,05	3,36	10½ "
Inferior establishment	29	48	1,00	39	87	79	1,07	1,81	1,84	9½ "
Travelling allowances	11	13	35	16	27	36	42	82	1,06	3½ "
Contingencies	4	13	9	4	8	15	17	24	40	1½ "

Dissent by the Hon'ble Mr Ranade

General Administration

I think all excess causes, ought distinctly Government agency in discouraged, as it can superior officers to the reduced to the level w for the use of public p they are in very rare e recommended would p that the forests should bear some relation to t

expenditure over receipts, unless it is owing to unforeseen to be put a stop to In the same manner, the system of the removal of forest produce ought to be systematically pt but lead to extravagance Further, the proportion of establishment they are supposed to supervise, ought to be much obtains in all other departments. The grazing fees astures ought to be credited as before to Land Revenue, as ases the result of forest management The changes here place the Department on a sound basis Nobody desires not be conserved But the charges ought certainly to be good accomplished and the work done

GENERAL ADMINISTRATION

FROM BENGAL NOTE, CHAPTER VIII, PARA 142

THE COMMITTEE declined to discuss the question of the amalgamation of and Divisional Commissioners, because it involved an ange I dissent from this view, as the double agency city of officers for the same kind of work, and the arrange-Madras show that a single agency does the work equally board of Revenue will, under the orders of the Secretary formed into separate Commissionerships on the Bombay arrangement was condemned by Mr. Rickett's Com- poses for which the Boards were at first created have ed The Boards were necessary when the country had and settled, and the alienation settlement had not been ere created to regulate and systematise this work, and that work, their amalgamation with the Commission- owed as a matter of course This relief is more especially rge departments such as the Excise, Customs, Stamps and fore were managed by the Members of the Boards, have the Provinces under separate executive heads

Q — DISSENT FROM

THE COMMITTEE'S PROPOSAL ABOUT THE SIND COMMISSIONERSHIP

The Committee in their Bombay Note Chapter VI paras 72-73 unless the question is Jhansi Commissioners tracts in Madras and the reduction propos separately, might be attached to Bombay, Divisional Commission from consideration i organic changes

in their Bombay Note have recommended the reduction of the Chief Commissionership to an ordinary Commissioner's charge I dissent from this view, because viewed in its larger bearings, and taken up along with the hip, the Kamaon and Chota Nagpore charges, the Agency the small Chief Commissionerships of Ajmere and Coorg, d can lead to no great financial savings, and, if dealt with to great administrative evils As long as Sind continues it requires at its head a higher officer than an ordinary

This question ought certainly to have been excluded the Committee felt itself precluded from discussing large

P — DISSENT FROM

RECOMMENDATION NOT TO REDUCE THE NUMBER OF BOMBAY REVENUE COMMISSIONERS

The Committee

elt themselves not prepared to make any recommendation on this head, because the Bombay Government was 76 decidedly opposed to it I dissent from this view

Dissent by the Hon'ble Mr Ranade.

Law and Justice (excluding Jails)

of the matter The Bombay Presidency proper was managed well enough by two Commissioners down to 1877 The stress of famine work may have justified the creation of a third charge, but with the cessation of that strain, the old order of things might without inconvenience have been reverted to It may be noted also that the Revenue Commissioners formerly had both Revenue and Police powers, but these latter functions have now been made over to the new Inspector General of Police This reduction of work afforded a suitable opportunity for a return to the old number. The reduction of one of the two Assistants to the Commissioners recommended by the Committee appears to be due to the rather weak defence set up for their retention One of these Assistants is virtually a Superintendent or Registrar at the head of the office, and the Commissioners have really one Personal Assistant each It is this assistance which enables the officers under the Bombay system to manage much larger Revenue charges than are entrusted to the six Commissioners in Punjab, and the nine Commissioners in Bengal, and the eleven Commissioners of the North-Western Provinces If the Boards of Revenue are to be retained, then the number of Commissioners' charges in the Madras, Bengal, North-Western Provinces, and Punjab ought to admit of a reduction to assimilate them with the system which obtains in Bombay The existence of the Executive Councils in Bombay and Madras has been urged as an excuse why one of these Provinces can dispense with a Board of Revenue and the other with Divisional Commissioners The Executive Councils, however, cost only 1½ lakh of rupees each, while the Commissioners and the Boards of Revenue cost at least five to six times as much

The Committee did not inquire into the charges of the Accounts and Audit Offices or the charges paid to Presidency Banks, or the household and contract allowances paid to the Viceroy, Governors, and Lieutenant-Governors, each of which items admitted of considerable economy Their Notes on the Secretariat establishments, for which materials were collected, were also not ready in time, and they had to confine themselves to the recommendations about the reduction of the Translator's establishments, a reduction of the charges of Provincial Legislative Councils, a reduction in tour and hill allowance expenses, and the abolition of the Military Secretaryship in Punjab These suggestions call for no remarks

LAW AND JUSTICE (EXCLUDING JAILS)

Q.—DISSENT FROM THE PROPOSALS ABOUT SMALL CAUSE COURTS AND PRESIDENCY MAGISTRATES

The Committee's recommendations for economy under this head are chiefly confined to a proposal to reduce the numbers and salaries of Small Cause Court Judges and of Presidency Magistrates I strongly dissent from both these suggestions In regard to Mofussil Small Cause Courts, the Committee have generally assumed that in so far as the character of the work is concerned, these Courts need not be presided over by Judges better paid than the ordinary Sub-Judges of the regular Courts It has also been assumed that the higher salaries of these posts were fixed in the first instance with the object of providing for European covenanted officers, and that as the Courts are now in many cases presided over by Native Judges, these high salaries are not necessary Neither of these assumptions appear to be in strict accordance with the facts The character of the work done is not fairly judged by the number of suits decided, though

by the Hon'ble Mr Ranade

Dissent

Law and

Justice (excluding Jails)

this number by itself is not which confers on these Courts very properly, in view of this to pay the Small Cause Court Judges of the regular subordinate and must long continue to be higher class of Native Judges were fixed high to attract Europeans in 1867 suggested the larger Governments answered that for this class of Native officers in the Government of Europeans in the Government of Bombay and the Government to the Committee's inquiries Note, Chapter VI, para 79, 31), and under these circumstances distinctly opposed to principle declined to entertain propositions wanted officers (District Collectors being more or less a structural should have led to hesitation to Native officers.

The same remark applies to the reduction suggested in the number and pay of Presidency Magistrate officers was enough for a Presidency town, and that the other officers need not be paid higher salaries than Deputy Magistrates in the mofussil, as the work done by both sets of officers is of the same character. Having acted as Presidency Magistrate for several months, I can say from some experience on this point that one Magistrate is not enough for the higher and more emergency work, and that these Presidency Magistrates must be better paid than the Mofussil officers. The magnitude of the work may or may not be very similar, but in the Presidency towns important cases constantly crop up, which severely test the Magistrate's capacity, integrity, and independence, and which can never be properly coped with by one highly paid European Magistrate only. The members of the European and Native Bar appear before these officers more often in the Presidency towns than in the Mofussil, and these must feel respect for them, and in this country a low paid official will not command general respect from more integrity. The Police Inspectors and Divisional Police Officers, who have constantly to appear before the Magistrates to conduct cases, will, if the change proposed be carried out, be in some cases as well, if not better, paid than the officers presiding over the Courts, and such a contrast can only lead to inefficiency and the lowering of the dignity of the Courts. I submitted these views when the Bombay Note was informally discussed before the Committee, and some modification was made in the draft of that Note. But in the other Notes the same principles have been adhered to, and I find it necessary to distinctly record my dissent from both these suggestions to reduce the pay of offices attended by very great responsibility, and Service.

Independently of these particular recommendations suggesting reductions in the numbers and salaries paid to Mofussil Small Cause Court Judges and the Presidency and Cantonment Magistrates, no important economies have been

It is the finality of the decision then special character, and the Government have higher responsibility, hitherto deemed it necessary to pay the Judges better salaries than those paid to the subordinate Courts. Moreover, these posts have been, the only prizes open to the ambition of the and it is not quite correct to say that the salaries of European officers. When the Government of India employed Natives in higher offices, all the the Small Cause Court Judgeships were available for whom they were intended. The employment of Natives in higher offices, all the first few years was a mere accident. The Government of North-Western Provinces in their replies have distinctly put forth this ground (see Bombay North-Western Provinces Note, Chapter IV, para 1, and is a retrograde measure. As the Committee is for the general revision of the salaries of collectors and Judges) on the ground of the measure of change, it is manifest that similar considerations in respect of the few judicial posts open as prizes

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particular recommendations suggesting reductions in the numbers and salaries paid to Mofussil Small Cause Court Judges and the Presidency and Cantonment Magistrates, no important economies have been

Dissent by the Hon'ble Mr Ranade

Law and Justice Jails

recommended by the Committee under the head of Law and Justice, excepting, of course, the reductions in the establishment charges of the three High Courts of Bengal, Madras, and Bombay. The reductions in these Courts, excepting those of the Sheriffs and their establishments, are all more or less of a prospective character. The High Court Sub-Committee indeed in their preliminary Notes were able to formulate certain proposals for the withdrawal of unimportant Civil, Criminal, and Insolvency work from the files of these High Courts on the Original Side by the establishment of special Courts with limited powers, but no great progress was made in this direction, as the Bengal High Court refused to help the Committee with its co-operation, and the Government of India, when appealed to, took the matter out of the hands of the Committee. Further discussion of these proposals had therefore to be dropped.

The question of the Law Officers' charges was also taken up by the Sub-Committee, but before any progress was made in the collection of the necessary materials, the dissolution took place, and thus no recommendations were made under this head.

LAW AND JUSTICE

R.—DISSENT IN RESPECT OF THE PUNJAB REORGANIZATION SCHEME

The Committee have recommended no change in the number of District Judges in Punjab, though in their Punjab Note (chapter III) they have furnished (paragraphs 57-67) a detailed account of the expensive re-organization carried out in that Province two years ago. The Committee abstained from making any proposal for the reconsideration of this scheme, though they admit that it is in some respects a more costly system than that of any other Province. I dissent from the policy of this implied acceptance of the scheme. This re-organization has added to the cost of the Judicial Service in Punjab a sum which exceeds any possible savings likely to be effected by the reductions referred to above in the pay and number of Small Cause Court Judgeships and the Presidency Magistrateships. How expensive this system is will be seen from the fact that, whereas Bengal with 45 Revenue districts has only 30 Judges, and the North-Western Provinces with 45 Revenue districts have only 23 Judges, Punjab with 31 Revenue districts has 29 Judges. These Judges are so distributed that the Divisional Judges and District Judges divide the appellate work among them, and often work in the same place side by side. It is no wonder that under such an arrangement Punjab Judges represent a charge of 5 lakhs of rupees a year, being not exceeded in the North-Western Provinces, with double the population and triple the revenue of Punjab. The system, besides being costly, does not work well, and the reorganization appears to have been carried out solely in the interests of the service. A reduction in the number of these appointments to the scale which obtains elsewhere appears to me to be a feasible economy, free from any objection of principle, and urgently called for on grounds both of fairness and efficiency.

The amalgamation of the Oudh Judicial Commissionership with the High Court at Allahabad has been resolved upon. The same policy ought to be carried out in regard to the Jhansi Judicial Commissionership and the Sind Judicial Commissionership.

JAILS.

S.—DISSENT FROM THE PROPOSAL TO REMOVE THE RESTRICTIONS ON JAIL MANUFACTURES

The Committee in their Notes on the several Provinces have generally endorsed the reversal of the policy laid down in 1882 by Lord Ripon's Government

Dissent by the Hon'ble Mr Ranade

Jails Police

on this subject, and in the Bengal Note (chapter VIII, paragraph 182) they suggest that Government should enforce upon the larger departments the necessity of entering into long contracts with the Jail authorities, who, it is thought, are not sufficiently protected against risks if they are left to take advantage of tenders advertised, and open alike to the public and the Jail Superintendents. I dissent from this view, as the proposal obviously implies a complete abandonment of the policy of restriction, and encourages the State officials with the help of public funds to bear down all private competition. This is distinctly a move in the wrong direction, and it loses sight of the main fact that Jail confinement is meant as a discipline and a punishment, and that the Jail organization is not intended to turn the State into a great employer of slave labour in superior manufacture with the help of machinery and steam. I am aware of the fact that the imposition of the restrictions which recommended themselves to Lord Ripon's Government, has naturally increased the difficulty of finding employment for Jail convicts. The difficulty has been prominently noticed in the Punjab Note. This difficulty, however, might to a large extent be got over by lending the service of Jail convicts to Local Boards and Municipalities for their ordinary conservancy and road-making and other public works. This will not be practicable or sufficient relief in all places, but this difficulty does not by itself justify a complete reversal of the policy of restricting Jail labour to those kinds of work which impose hardship, and not utilizing it to drive steam machinery and work presses, and tents, and paper, and carpets with the help of State funds. The Central Jails would always be an Imperial charge, but if the charges of local Jails were made local by their transfer to District Boards and Municipalities, there can be no doubt that these bodies will be able to find larger work for convict labour than they are encouraged to do now.

T —DISSENT FROM THE PROPOSAL TO REDUCE THE RATIONS

In the Madras Note (chapter VII, paragraphs 130, 131) the Committee have made certain remarks which depreciate the higher charges for rations which obtain in that Province as compared with the North-Western Provinces scale, and economy is suggested in this direction. These North-Western Provinces rates are undoubtedly too low, as it is not possible even in the North-Western Provinces, with their better climate and low prices, to support a hard-labour convict on one and a quarter rupee per month. Two to three rupees per man seems a moderate charge. The experiment of a smaller and cheaper ration by the diminution in weight and the substitution of millet for rice, was tried in Madras with disastrous results, and I think these comparisons with the North-Western Provinces scale should not be carried too far.

POLICE

U —DISSENT IN RESPECT OF SUBORDINATE POLICE CHARGES

The Committee have been able to suggest important reductions in the superior staff of Police officers by re-grading the service on the principle of allowing one Police Superintendent for each revenue district, with an assistant for a specially large district, and a 20 per cent complement to fill up vacancies. The Committee in their Punjab Note have given certain statistics of the subordinate Police force (chapter III, paragraph 89), but refrained from making any suggestions for economy, because the variations in numbers and cost might be affected by facts and circumstances not within their cognizance. The following statement, however, will show that these variations are to some extent not satisfac-

Dissent by the Hon'ble Mr Ranade

Police

torily accounted for by any possible differences between the conditions of the several Provinces —

District Executive Police

	Central Provinces	Burma	Assam	Bengal	North West Provinces	Punjab	Madras	Bombay
Inspector General and Deputies	1— 37,700	1—36,000	1—36,000	1—1,15,000	1— 15,500	6—1,10,000	5—2,01,600	1— 4,000
District Superintendent	18 } 1,74,600	18 } 20,251	18 } 52,600	13 } 1,85,400	15 } 1,10,000	31 } 3,52,800	21 } 3,13,000	22 } 2,37,000
Assistant Superintendent	11 }	21 }	21 }	34 }	9 }	21 }	20 }	10 }
Inspectors & Chief Constables—								
Numbers	251	175	321	1,053	877	568	410	330
Cost	1,77,560	1,93,333	1,22,000	8,80,000	7,14,000	4,10,000	5,39,926	3,03,000
Head Constables & Constables—								
Numbers	7,906	7,012	1,921	21,447	21,101	12,921	20,631	16,654
Cost	6,16,619	12,63,156	1,62,000	18,76,000	18,90,000	12,30,000	20,40,000	18,40,000
European Constables	6— 4,920			3— 3,120	8— 7,600		2— 22,350	12— 12,000
Mounted Police	191— 50,621			32— 9,500	630 1,70,000	121—1,21,000		1,212—1,07,000
Establishment	37,228	1,120	24,200	59,785	51,000	1,201	48,000	1,17,000
Supplies	1,02,000	1,97,105	31,600	1,85,317	2,92,300	91,000	2,01,800	3,79,000
Contingencies	61,500	1,46,219	25,120	2,02,800	1,79,700	1,58,066	1,80,000	2,60,000
Railway Police	40,000				66,000	25,300		83,000
Private Police						10,000		
Presidency Police				2,91,500			1,56,410	5,49,000
Village Police				1,13,000	24,73,000			8,17,000
Special or Frontier Police			1,90,000	1,90,000		12,000	28,600	
TOTAL	11,08,600	23,70,000	9,71,000	17,17,000	63,85,000	33,52,000	33,50,000	52,71,000

The superintendence charge is relatively to the work done smallest in Bombay, Central Provinces, and Burma, and highest in Madras, North-Western Provinces, Bengal, and Punjab. The charges in connection with District and Assistant Superintendents are 12 per cent in Central Provinces, 9 per cent in Burma, $5\frac{1}{2}$ per cent in Assam, 12 per cent in Bengal, 7 per cent in North-Western Provinces, 16 per cent in Punjab, 8 per cent in Madras, and $4\frac{1}{2}$ per cent in Bombay. As regards the grade of Inspectors and Chief Constables, the higher grade of native police officers, the charges are 12 per cent in Central Provinces, 8 per cent in Burma, 14 per cent in Assam, nearly 18 per cent in Bengal, 17 per cent in North-Western Provinces, 14 per cent in Madras, and 6 per cent in Bombay. As regards the body of the force—head constables and constables—the charges are 45 per cent in Central Provinces, 48 per cent in Burma, 33 per cent in Assam, excluding the Frontier Police, 40 per cent in Bengal, 46 per cent in North-Western Provinces, excluding the Village Police, 38 per cent in Punjab, nearly 50 per cent in Madras, and 48 per cent in Bombay, excluding Presidency and Village Police charges. It will thus be seen from the analysis that the proportion and cost of European superior officers is highest in Punjab, Central Provinces, and Bengal, and lowest in Bombay. The proportion of subordinate native officers is highest in Bengal, Assam, and Madras, and lowest in Bombay. The strength of the force of police sepoys absorbs about 50 per cent of the total expenditure. Compared to the population of the several Provinces, Bombay has one sepoy for 1,000 of the population, Bengal has one sepoy for 3,000, North-Western Provinces one sepoy for 2,000, Burma one sepoy for 500, and Central Provinces and Madras one for 700 or 800 of the population, respectively. The Mounted Police force is also unnecessarily high in Bombay, while Madras has the lowest number of European constables.

These differences are not satisfactorily accounted for by local variations, and there is ample scope for economy and better reorganization in most of these matters.

Dissent by the Hon'ble Mr Ranade

Police Education

V —DISSENT FROM THE PROPOSAL TO HASTEN THE TRANSFER OF POLICE FOR EQUIVALENT CHARGES

The only point of principle involved in the Committee's recommendations on this head is the suggestion that the transfer of educational, medical and other charges to the Municipalities on account of Police charges withdrawn under the local self-government Resolution of 1882, should be completely and speedily carried out. It appears that very little has been done in this way by the Bengal Government which has taken upon itself nearly 5 lakhs of Police expenditure, and the relief in other ways has been only 2 lakhs. In Punjab and Central Provinces nothing has been done in this direction. In the North-Western Provinces, Assam, and Burma the transfer of charges has been more or less complete. It has been carried out to some extent in Bombay, while nothing has been done in this direction in Madras. I have always been of opinion that it was a mistake from the first to sever the connection of Municipalities with their Police charges. In the interests of the success of the local self-government scheme itself, the connection of Municipal bodies with these Police charges should have been maintained under reasonable regulations. The Village Police organizations should be utilised more largely than it appears to be in any of the Provinces, except the North Western Provinces and Bombay. These Village Police are really under ordinary circumstances the only force available for the maintenance of internal tranquillity. To these should be added the Town Police, and the whole charge and financial management should be in the hands of Local Boards and Municipal Corporations.

EDUCATION

W.—DISSENT FROM THE PROPOSAL TO DISOWN PLEDGES GIVEN

I dissent from the suggestion made towards the end of the paragraph that Punjab Note, Chapter III, para 96 the pledge given by the Punjab Government in connection with the Punjab Chief College building grant should not be admitted as a ground of a claim for additional aid from the Imperial Government. The political considerations which induced the Punjab Government to make the pledge are chiefly of an Imperial character, and dictated by the general policy of the Government of India in regard to the advancement of Native Chiefs. Even if these considerations were only of a Provincial character, yet the pledge would be binding, because, though the contracts are renewable every five years, the Local Government could not well have anticipated that the renewal would ensure to the local authorities full liberty of action in a matter of high policy like this. The question of the binding character of these pledges given by Provincial authorities during the term of the contract has a large bearing, and the temporary necessity of retrenchment should not influence the Government of India in disposing of this question on any technical grounds.

X.—DISSENT FROM THE PROPOSAL TO ENHANCE FEES

I dissent from the suggestion in paragraph 97 that the fees ought certainly Punjab Note, Chapter III, para 97 to be enhanced in the future. The policy of doubling the fees can only lead to a diminution of the total income, and throw back the growth of the Province for a longer period.

Dissent by the Hon'ble Mr. Ranade

Education

Y.—DISSENT FROM THE PROPOSAL TO WITHDRAW STATE HELP FROM THE BENARES COLLEGE

I dissent most strongly from the recommendation contained in paragraph 41 that the Benares College should be turned into an aided institution like the Agra College. I do not think the Provincial Sub-Committee had before them the full materials for forming a judgment on the point of the status of this College. The Benares College was started in the first instance as a Sanscrit College by the Maharaja of Benares, when he was a semi-independent Ruler, nearly one hundred years ago. Subsequently the management of the Maharaja's zemindaries was taken up by Government and a fixed payment was settled upon him, after providing for all charges, and in these charges a sum of Rs. 20,000 was deducted in respect of the Benares College. The College was thus as purely a private endowment as any in the land, maintained out of the surplus revenues of the zemindari. If less than Rs. 20,000 are spent upon the College, the saving will have to be made over to the Maharaja, and cannot be utilised for other purposes. I state these facts after referring to the authorities of the College, who have placed at my disposal copies of official documents which show that so far back as 1791, Lord Cornwallis' Government sanctioned the grant of Rs. 20,000 out of the surplus revenue, and the Government of India pledged itself that, even if there was no surplus saving in any year, the whole charge should fall upon Government. As first intended, the Benares College was started for the advancement of learning and the preservation and cultivation of Indian science and divinity. When the Muir College was started in Allahabad in 1871, a proposal was made to provide necessary funds for the new College by reducing one of the existing Colleges to the status of a High School, but even then the Government of India, in their letter to the North-Western Provinces Government on the subject, distinctly added the proviso that "whatever may be done, His Excellency the Governor General in Council is of opinion that no steps should be taken to impair in any way the efficiency of the Benares College, to the maintenance of which the Government is pledged." These pledges explain the hesitation shown by the North-Western Provinces Government in accepting the suggestions of the Finance Committee on this point, and I think the pledges successively given should be maintained intact by the Government of India. It is true that there has been a departure from the original standard of studies, and the English Department of the College has gained at the expense of the Sanscrit, but this arrangement does not affect the status of the College. In some respects the Benares College is more efficient than the Allahabad College. The number of students is increasing, and the first year's class in the Benares College is reported to be more largely attended than the corresponding class at Allahabad. The fee collections amount to Rs. 2,300 and for its usefulness the charges in connection with it are much smaller than those of any other College in India. I trust that under these circumstances the Committee's suggestions on this point will not be accepted by the Government of India.

Z.—DISSENT FROM THE SUGGESTIONS ABOUT THE SALARIES OF NATIVE INSPECTORS.

In this, and in other places the Committee have assumed that the services of Native Inspectors of Schools could be obtained on Rs. 300 or Rs. 400 to supply the place of the European Inspectors on Rs. 1,250 or Rs. 1,500. I dissent

Dissent by the Hon'ble Mr Ranade

Education

from the view thus taken The $\frac{2}{3}$ ids rule should be the measure of reduction in the case of the substitution of Native for European agency Below this limit the salaries will fail to attract natives with suitable qualifications In the Madras Note, paragraph 160, the $\frac{2}{3}$ ids limit is accepted by the Committee as the basis of its calculations of possible savings The same remark applies to the suggestion made in the Bengal Note, paragraph 228, that the Native Inspectors of Schools should be mostly members of the subordinate service

AA.—DISSENT FROM THE SUGGESTION ABOUT THE WITHDRAWAL OF STATE AID FROM HIGHER EDUCATION

I dissent from the position laid down in this paragraph that higher education has taken root in the Madras Presidency, and that it is hardly in need of direct Government support This is too broadly stated The education Commission did not lay down any such position In the Madras Presidency, as in other Provinces, one State institution for each of the large lingual and ethnical territorial divisions is a necessity, and State help cannot be dispensed with

BB.—DISSENT FROM THE PROPOSAL TO CONVERT BENGAL COLLEGES INTO AIDED INSTITUTIONS

I dissent from the proposals made in regard to the transfer or absorption of the Colleges referred to in this paragraph The Sanscrit School and the Calcutta Madrassa are special institutions, which do not admit of amalgamation with the Presidency College In this matter I think the safest line to follow is to adhere strictly to the recommendations of the Education Commission.

CC.—DISSENT FROM THE DISPROPORTIONATE REDUCTIONS IN THE EDUCATIONAL GRANT OF THE BOMBAY PRESIDENCY

I have recorded a separate dissent from the Bombay Note, which may be embodied with this general dissent —(See Chapter VI, Appendix B)

I shall only remark in this place that I dissent from the inequality of the reductions in educational charges as recommended by the Committee for the several Provinces It appears that no reductions are proposed in Burma and Assam, and also in Punjab (excepting the building grant to the Rajkumar College, which in its nature is not a recurring charge) In the larger charges I find that Rs30,000 are reduced in the Central Provinces, Rs66,000 in North-Western Provinces, and the same amount in Bengal, and Rs80,000 in Madras, while in the Bombay Presidency the reductions come up to Rs2,67,000, and this inequality is increased by the over-estimate of possible receipts by Rs35,000 The total reductions in all the other Provinces thus fall short of the reductions proposed in the single Presidency of Bombay I think there is no principle on which such disproportionate reductions in a single Presidency can be justified, especially when that Presidency happens to be the Province where the fees and endowments realise the largest amount both absolutely and in proportion to the population who pay them, and it is also the Presidency moreover in which primary education, admittedly a charge on State funds, shows the largest percentage of attendance

Dissent by the Hon'ble Mr Ranade

Public Works

DD.—DISSENT FROM THE DISPROPORTIONATE REDUCTIONS IN THE GRANT FOR CIVIL WORKS

Lastly, I dissent from the recommendation which cuts down the Bombay Public Works grant for original civil works from a total of 46 lakhs to 27 lakhs. I did not protest against this reduction when the Bombay Note was first prepared, under the impression that the reduction was rendered temporarily necessary by the exigencies of Imperial finance, and I wanted to see how far similar reductions were suggested in the Civil Works grants for the other Provinces. I find, however, that in no other Province has any similar reduction been made. The reduction in the Bengal Budget comes only to 2 lakhs, in the North-Western Provinces it is about a lakh, in the Central Provinces and Burma there is no decrease. In fact the reductions in all the Provinces taken together come up to a much smaller figure than has been proposed for Bombay. This unequal treatment cannot but cripple the prosperity of Bombay, and prevent the growth of that feeling of self-dependence which alone makes economy possible. It virtually amounts to a fine for carefully husbanding Provincial resources. Bombay yields the largest revenue per head under all the principal heads of Receipts, and Bombay has considerable claims to be treated with special indulgence, for it has no irrigation works of any importance which can be compared in extent or usefulness with those in Madras, Bengal, North-Western Provinces, and Punjab. The expenditure on new railways is also likely to cease soon in Bombay with the completion of the Western Deccan line. Owing to its being exposed to the dangers of periodical famine and failure of rain, it requires to be opened out on all sides, and the curtailing of the Public Works expenditure on such a scale will injuriously handicap it in its competition with other Provinces. Bombay may have been treated with exceptional indulgence in 1882. That is no reason why it should be treated with special severity now. I endorse in this matter the protest of the Local members, and, as I understand, of the Local Government also.

POONA,

The 16th February 1887

M G RANADE

NOTE BY PRESIDENT

This paper by the Hon'ble M G Ranade goes somewhat beyond the limits to which a dissent is ordinarily confined, inasmuch as in certain cases it criticises expenditure on which the Finance Committee did not touch, whether from want of time or considering them to be beyond their purview, or from other causes, and in others it expresses agreement with the Committee's recommendations,—not dissent. In several instances errors have crept in which might have been corrected had the dissent been written before the Committee dissolved. I have, however, thought it my duty to submit the dissent to the Government of India just as it was sent in, and without any criticism of its details.

The 21st February 1887

C A ELLIOTT

Extract from Sir W Hunter's Dissent

EXTRACT FROM SIR W HUNTER'S DISSSENT TO THE EDUCATIONAL PROPOSALS IN THE FINANCE COMMITTEE'S REPORT AND FROM SIR CHARLES ELLIOTT'S MEMORANDUM THEREON

[NOTE.—Certain paragraphs, and parts of paragraphs, in both the following papers, have been omitted in publication, as they relate exclusively to questions regarding the procedure of the Committee, which have been separately dealt with by the Government.]

* * * * *

THE NORTH-WESTERN PROVINCES.—At page 22 of the Committee's Report* a saving of Rs46,000 is shown under Education in the North Western Provinces, and the reason is assigned in one word, "over-estimate." More fully stated, this means that the Travelling Members supposed the actual expenditure will not be equal to the estimated expenditure†. But, as a matter of fact, the Educational Department in the North-Western Provinces is at present below its full strength, the Principalship of the Mun College remained vacant for several months, the grant-in-aid system to European schools, introduced under orders of the Government of India, has not yet been worked up to, and many of the recommendations made by the Education Commission, and approved by the Governor General in Council, still remain to be carried out.

The Education Commission laid stress on two facts—namely, that the North-Western Provinces and Oudh ranked lowest among the Provinces of British India in regard to the percentage allotted to educational expenditure from the provincial revenues, and in regard to the percentage of boys attending school. It found that this latter state of things arose, in part, from insufficient contributions from the public funds. I believe that a saving, amounting to something more than one-half of the Rs46,000 retrenched by the Travelling Members, may be effected, chiefly in the Book Depot. But I am convinced that if the subject had been discussed by the Committee, with the whole facts before it, and with the previous sanction of the Government of India brought to its notice, the proposal to retrench Rs46,000, would not have found a place in its report. The same remark applies to certain other of the suggestions regarding education in the North-Western Provinces—Provinces in which the educational allotments from the revenues already stand at low water mark.

BENGAL.—The educational proposals of the Travelling Members regarding Bengal are of a more serious character, for they would impair the efficiency of the whole structure. Broadly speaking, they are based upon the reduction of the inspecting and higher teaching staff, together with suggestions that the State should sever itself from some of the existing Government Colleges. I believe that if these changes were carried out in the spirit indicated by the Travelling Members, the result would be most disastrous to education in Bengal. But, fortunately, the principal proposals are based upon a misconception of the facts, and cease to have any foundation when examined by the light of the actual state of things.

The first paragraphs‡ of the Travelling Members propose certain economies in the inspecting staff in Bengal, on the ground, they say, "we think that inspection, in the higher grades, is rather overdone." As a matter of fact, the Education Commission found that the proportionate cost of inspection to

* Paragraph 22, Chapter II

† See paragraph 37 of Note by the Travelling Members on the future Contract with the North Western Provinces

‡ Sections 227, 228, 229 of their Note on the future Provincial Contract of Bengal

Extract from Sir W. Hunter's Dissent

the total (not provincial) expenditure on education was lower in Bengal than in any other Province. Indeed the insufficiency of inspection in Bengal was frequently insisted upon by Members of the Commission from other Provinces, as throwing doubt upon the reality of the whole educational system in Bengal. The impression left on my own mind, by a lengthy examination of the facts, was that inspection in Bengal is, as a whole, insufficient, and that, while it may be regarded as just adequate in the higher class of schools, it is quite inadequate in regard to the great mass of the work to be tested and supervised. Indeed so insufficient is the subordinate inspecting staff in Bengal, that (I am informed) the Department has had to throw over 15,000 schools during the past year by relinquishing the attempt at their inspection and control.

The Education Commission laid down certain methods by which inspection might, in every Province of India, be rendered more efficient and its cost reduced. Among these methods the gradual substitution of Native for European inspecting agency found a prominent place. I believe that no one is more anxious to work on these lines than the Director of Public Instruction in Bengal. But a close examination of the question showed that it is not so much one of immediate saving as of efficiency and eventual economy, and that any attempt to suddenly force on the change would be disastrous. What the Education Commission desired was gradually to substitute an indigenous growth for an imported one. The measures proposed by the Travelling Members of the Finance Committee would pluck up the existing growth by the roots.

The same remark applies to their proposal that the State should relinquish its direct connection with the Government Colleges. They support these proposals by the double authority of the Education Commission, and of a more recent statement by the Director of Public Instruction in Bengal. But the scheme, as it emerges from the hands of the Travelling Members, is based on a complete misconception of what the Education Commission proposed, and of what the Director of Public Instruction more recently stated. The Education Commission desired that Government should gradually make over higher education to private and aided effort. But it clearly realised and carefully set forth the limitations under which this could be effected, and specifically mentioned the Colleges in Bengal which the Government might thus relinquish. The "well-considered proposals" of the Commission on this head were emphatically accepted by the Government of India.

The proposal of the Travelling Members is very different. They begin by saying that there are at present thirteen colleges in Bengal, and in the course

* Note on the future Provincial Contract with Bengal, paragraphs 230 to 232.

of three short paragraphs they cut these down to three. "The Director of Public Instruction," they say, "informs us that in his opinion only four colleges need be kept up—the Presidency, Dacca, Patna, and Cuttack. We think that the Government might even go further, and decide that a Government College is not needed at Dacca, where an unaided private institution already exists and flourishes." This "opinion" of the Director of Public Instruction is so entirely opposed to all that he has said and written during many years, that I thought it my duty to ascertain from Sir Alfred Croft whether it correctly states what he expressed. He says that it does not. That he was never asked whether reduction was advisable at all, but only as to the "irreducible minimum." The proposal to leave only three out of the thirteen Government Colleges in Bengal has no more the support of the Director of Public Instruction than it has the authority of the Education Commission. If enforced

Extract from Sir W Hunter's Dissent

by the Government of India, it will raise an outcry of broken pledges, endowments diverted, and fundamental orders of the Secretary of State contravened, such as no Local Government should be called upon to face. The change, even if spread over ten years, would be a complete bouleversement of the system of Public Instruction founded on Lord Halifax's Despatch, and re-affirmed, after a searching enquiry, and after more than a quarter of a century's practical experience, by the Education Commission, the Government of India, and the Secretary of State.

In regard to colleges as in regard to inspection, the Education Commission devised means for the gradual replacement of an old growth by a new. In both cases the method of the Travelling Members of the Finance Committee is to pluck up the old growth by its roots. They would do so, in both cases, in unacquaintance with the facts, and under a misapprehension as to the financial results. In their proposed list† of superior officers required to carry on the work of Public Instruction in Bengal, they make no provision for men on sick leave or furlough. They also over-estimate the rate of vacancies and retirements. They base their calculations on the experience of a recent brief period during which the casualties in the superior educational staff in Bengal were altogether exceptional, a period which has now replenished that staff with young men engaged for thirty years of service.

BOMBAY—The educational proposals of the Travelling Members in regard to Bombay involve breaches of faith with private schools and public bodies, and the forfeiture of distinct pledges recently given by the Local Government under the sanction of the Governor General in Council. They also imperil the sources of that private liberality and local effort on which the future of Public Instruction in India depends. The Bombay authorities inform me that the proposals of the Travelling Members are based upon an initial error in the calculation of the receipts, and at least in one case, on a sum arbitrarily cut out of the expenditure without any reason assigned. But as the calculations

of the Travelling Members have never come under discussion by the Committee in its corporate capacity, and as they did not keep proceedings of their separate meetings, I refrain from expressing an opinion on these points. In regard, however, to the graver questions involved,† any one acquainted with the system of Public Instruction in Bombay is, unfortunately, able to come to clear conclusions.

With reference to technical education and drawing, the declarations of the Government of India itself prompted the measures which the Travelling Members now assail. The Bombay Government, acting on those declarations, published certain promises of aid to private effort in the *Government Gazette*, and sent copies of those promises to every Local and Municipal Board and private school manager throughout the Presidency. The Travelling Members, after some comment on this "novel expenditure," sweep away the whole grant of Rs50,000, with the exception of Rs1,500 "for instruction in carpentry" in a single school. A sum of Rs12,000 is cut from the grant to Municipal schools—a grant which, after full enquiry, was deliberately pledged as a means of calling forth local effort, and the withdrawal of which would compel the Bombay Government to break their promise, and to strike schools off the grant-in-aid list. The Bombay authorities state that the Travelling Members of the Finance Committee seem to have remarked on the Municipal school-grants "in ignorance of the standing practice of the Educational Department throughout India."

† Paragraph 231 of their Note on the future Provincial Contracts with Bengal

† Paragraph 117 of Note by the Travelling Members on the future Provincial Contract with Bombay

Extract from Sir W Hunter's Dissent

The increase in the grant for Payment by Results (from which the Travelling Members retrench R28,000) is not due, as they erroneously state, to increased liberality in the rules, but to the increased efficiency and growing numbers of aided schools—the very results which the system was designed to produce. The only increase in liberality during recent years has been to colleges. The Government of India insisted on the change, and the grant to colleges comes under an item which the Travelling Members have passed. The retrenchment of R95,000 from the Building grant involves not only a breach of faith to private and local effort in the past, but it will assuredly put an effectual check to such effort in the future. Here again the Travelling Members seem to have acted in unacquaintance with the facts. “This is a grant,” they lightly remark, “which can be severely retrenched without any

* Paragraph 117 of then Bombay Note, sub section (f)

material loss of efficiency”*. The Bombay Government, on the other hand, declare that the large sum of 3½ lakhs “has been collected on the Government promise of a grant-in-aid and belongs to hundreds of schools throughout the country.” The Bombay authorities go so far as to state that if this retrenchment is insisted on, “the springs of public liberality will be dried up,” and that the Bombay Government “must repudiate the responsibility of finding funds under Lord Canning’s Minute.”

I regard, as even more disastrous, the proposal of the Travelling Members in regard to the grant to Local Funds for educational purposes. No subject was more carefully considered by the Education Commission, and, after a searching local enquiry in every Presidency of India, that Commission deliberately based the future of education upon a mechanism of local boards. But without looking to the destruction in the future, I earnestly beg the consideration of the Government of India to the immediate effect, as stated by the Bombay authorities, of tampering with this grant. “If the Government take back their grant, it will be necessary to close, perhaps, 1,000 village schools,

† The words in the Travelling Members’ Note on the future Provincial Contract with Bombay (paragraph 116) are “In view of the opinion expressed by the Government of India that extensions of State support should be mainly devoted to primary education

and the development of primary education which the” [Travelling Members of the Finance] “Committee recommend in paragraph 116 will be impossible”†. In regard to their proposals respecting collegiate instruction in Northern Bombay, the Bombay Government remark “The Government cannot break its word to the two Provinces of Sind and Gujarat without dishonour.”

The foregoing paragraphs suffice to show the serious ills which individual proposals of the Travelling Members would work in the Bombay Presidency.

‡ As stated in paragraph 34 of the Report of the Finance Committee, Chapter II, p. 28

As regards their aggregate educational retrenchment of R2,67,000,‡ the Bombay authorities thus sum up “The maximum saving which can be effected is R78,000 only, and even this sum cannot be given up without checking the progress of many important undertakings which His Excellency in Council has sanctioned in accordance with the desire expressed by the Government of India.”

I have now examined the educational proposals of the Travelling Members of the Finance Committee in three Provinces, and I gladly cease from a most distasteful task. I have constrained myself to discharge that task, because I feel convinced that if the Government of India enforces those and similar proposals, it will act upon a misapprehension of the facts, and it will give rise

 Extract from Sir W Hunter's Dissent

to loud and well-founded complaints I beg, therefore, to repeat that the educational proposals of the Travelling Members were never submitted for consideration to the Finance Committee in its corporate capacity. They contravene the educational policy of the last thirty-three years, a policy authoritatively laid down for India by the Home Government, enjoined by the Governor General in Council on the Provincial Governments, and by the Provincial Governments slowly matured and carried into effect. They do so in the teeth of the recent recommendations of the Educational Commission—recommendations deliberately adopted by the Government of India and approved of by the Secretary of State. They put an end to all consistency in the educational policy alike of the Central and of the Provincial Governments. They lightly resolve on measures which have already been carefully considered and definitely rejected, apparently in ignorance that those measures had ever been previously raised. They break the promises by which the Provincial Governments, acting under the sanction, and indeed under the express orders, of the Governor General in Council, have called forth private liberality and local effort in time past, and they dry up the springs of private liberality and local effort in the future.

W W HUNTER

The 28th February 1887

 EXTRACT FROM SIR C ELLIOTT'S REPLY, No 140, DATED THE 9TH
MARCH 1887

13 In case it should be convenient to the Government of India to know what answer my colleagues and myself would give to these enticements, if we were called upon to make any answer, I venture to add a few remarks on this branch of the subject.

11 In the case of the North-Western Provinces we proposed no reduction whatever. We took the budget estimate as it stood, shewed that in some cases it was based on too high a calculation of expenditure (not making allowance for absences on leave, and so forth), and would probably exceed the actuals by Rs46,000, and we recommended that the revised estimate, which would probably give the true expenditure of the year, should be accepted as the basis of the future contract. Sir W Hunter apparently thinks that the Committee ought to have made provision for increased expenditure, on the ground that education is backward in the North-Western Provinces, and that some of the recommendations of the Education Commission had not been carried out. To have done this would have been to act in contravention of the instructions we received and the principle on which we treated every Department, even where a Provincial Government intimated to us that it was about to apply for an increase we have answered that they must first convince the Supreme Government of the necessity of the expenditure and then obtain a special grant for the purpose, as we were not authorised to provide one. In this case the North-Western Provinces Government made no such intimation, and it would have been out of place for us to have given it more than it asked for.

* * * * *

16. With regard to Bengal the Committee's view was (1) that the staff or highly paid English Inspectors of Schools was unnecessarily strong, and that cheaper Native Inspectors should be substituted, and (2) that a considerable number of Government Colleges should be converted into Aided Colleges, and arrangements were suggested by which preparation should be made for carrying out such a conversion and substitution gradually during the next ten years.

Extract from Sir W. Hunter's Dissent

These proposals were * * * * * in accordance with the recommendations of the Education Commission and the orders of the Government of India. The Lieutenant-Governor has already converted two and desires immediately to convert three more of the Government Colleges into Aided Colleges, the Committee proposed, within the next ten years, to add five more to this number. It is open to Sir W. Hunter to object that ten years is too short a time or that the reduction goes too far, but it is hardly reasonable to write of our proposal as an ignorant attempt to "pluck up the old growth by the roots."

17 With reference to Sir W. Hunter's assertion that this Committee misrepresented the views of the Director of Public Instruction, it is sufficient to say that his own version of that officer's view does not bear out the charge. The Committee did not write that the Director wished to keep up only four Government Colleges, but that "in his opinion only four colleges need be kept up." These words were taken down by the President in his notes of Mr. Croft's examination, and the draft of the section was afterwards shown to Mr. Croft and approved by him. If I understand the matter aright, all that Sir A. Croft now desires to add in explanation is, that this opinion was given in answer to the question, "if reductions are to be made" (an assumption which underlies the whole work of the Finance Committee) "where should they stop?" and that he held this to be the furthest limit to which it could be pushed.

18 With regard to Bombay, Sir W. Hunter's chief objection is that the reduction proposed by the Committee "involves the forfeiture of distinct pledges recently given by the Local Government under the sanction of the Governor General in Council." The description is incorrect in two ways: the pledges referred to were not given under the sanction of the Governor General in Council (as is expressly stated in paragraph 39 of Resolution No. 467, dated 28th January 1887), and our proposals did not involve the forfeiture of them. We declined to make any special provision of money to meet them, but we suggested that the Local Government should, if it chose, provide for them by transfers or by reductions elsewhere, and we offered some suggestions as to how this might be done. Sir W. Hunter seems not to have read or understood our own description of the grounds on which we acted, and admits that his charges are based on the interpretation put on our proposals "by the Bombay authorities." Our Note contained the following passages—

"We question whether, if the Bombay Government, in the face of an impending financial enquiry, and in the knowledge that its income must be reduced, chooses to burden itself with a novel expenditure of this kind, however useful such expenditure may be, it ought to look to the Government of India to enable it to make provision for such expenditure."

And again—

"If it be argued that the Provincial Government has given pledges for larger expenditure on grants-in-aid and Technical Education, and that these pledges must be provided for, we think it may be urged on that Government that the cost of such provision ought not to fall on the general tax-payer, but should be met by reductions elsewhere, or by the levy of an additional cess on the people who will profit by the expenditure."

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It may perhaps be permitted to me to add that whatever reductions we proposed were made neither lightly, nor in ignorance of any facts or opinions which we were able to collect, but under a strong sense of responsibility, and in the belief that they would not injuriously affect the efficiency of the Educational Departments in the various Provinces.

With these remarks I have the honour to leave the matter in the hands of the Government of India.

Punjab Provincial Accounts, 1882—1887

APPENDIX I

PROVINCIAL RECEIPTS AND EXPENDITURE DURING TERM OF CONTRACT—PUNJAB

[N B—The figures in this Note represent thousands of Rupees, thus—85 94 means Rs 85 94 000]

The following table shows in abstract the receipts and expenditure (actual or estimated) of the Local Government for the term of the current contract, and compares the account for the whole period with the assignment modified where necessary by subsequent orders —

	RECEIPTS								EXPENDITURE							
	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or —	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or —
	Original	In last year							Original	In last year						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Land Revenue—																
Percentage including Record room Receipts	85 94	85 94	81 93	81 32	85 74	88 45	88 83	+2 65								
Recurring adjustments		3 16			1 03	2 70	3 16									
Non recurring adjustments				50	1 50	2 19										
Inter provincial adjustments	50	50	93	1 14	1 28	1 44	1 43	+3 76								
TOTAL	86 44	89 60	85 96	85 96	89 55	91 73	93 42	+6 41								
Other Revenue Heads	35 22	36 34	35 04	36 97	35 91	37 21	38 46	+5 31	21 43	26 23	21 40	25 10	21 48	26 56	27 88	+2 98
Civil Departments	11 97	16 60	11 45	16 01	15 15	15 21	14 73	—7 17	82 93	89 90	82 62	88 74	89 09	89 45	92 76	+2 50
Miscellaneous	3 09	3 09	2 94	2 96	2 60	2 95	2 20	—1 80	10 59	10 59	10 28	10 56	10 61	11 48	11 74	+1 72
Post Office (net)									59	59	57	57	27	41	47	—66
State Railways—																
Net Expenditure charged against Revenue									4	4	31	1 11	1 56	1 50	1 45	+5 76
Construction											6 22					+6 22
Irrigation (net)	4	4	11	42	7	14	28	+82								
Civil Buildings & Roads	6 03	6 08	6 25	6 13	5 85	5 78	5 42	—97	23 79	23 93	30 42	27 32	28 11	25 23	27 53	+15 35
Contributions	2 70	2 70	2 76	2 34	41	1 63	1 56	—4 75								
TOTAL	1 45 54	1 54 45	1 44 51	1 50 79	1 49 54	1 57 75	1 56 07	—2 15	1 42 37	1 51 28	1 54 85	1 53 40	1 54 15	1 54 63	1 61 83	+33 87
Opening or Closing Balance	—	—	29 93	19 59	16 93	12 37	15 49				19 59	16 93	12 37	15 49	9 73	
GRAND TOTAL			1 74 44	1 70 38	1 66 52	1 70 12	1 71 56				1 74 44	1 70 38	1 66 52	1 70 12	1 71 56	
Surplus (+) or deficit (—)	+3 17	+3 17	—10 31	—2 61	—4 61	+3 12	—5 76									

N B—The + and — in columns 9 and 17 indicate the increase or decrease in the 5 years actuals (including revised estimate for 1885-86 and budget estimate for 1886-87) as compared with 5 times the Average Assignment.

2 The total Revenue of the five years has amounted to Rs 7,58,66 against Total Receipts and Expenditure an assignment of Rs 7,60,81, and the expenditure compared with assignment. has amounted to Rs 7,78,86 against an assignment of Rs 7,44,99. There was a surplus of more than 3 lakhs a year, or about 16 lakhs for the five years on the assignment, and, after absorbing this, the net result is an expenditure of 20 lakhs in all, out of the balances which have been thus reduced from 30 to 10 lakhs. Speaking generally, it may be said that the Local Government has appropriated the surplus on the assignment for expenditure on Civil Buildings and Roads, so that all other increases of expenditure have been paid for out of the balance in hand at the beginning of the term.

Punjab Provincial Accounts, 1882—1887

3 This method of making the comparison excludes from the increases shown on the face of the statement any Revenue and Expenditure which have been brought on to the Accounts on both sides since the contract was framed, and also any additional expenditure, which has been met from funds specially granted by the Government of India, in excess of the original assignment, and included in the statement as recurring or non-recurring adjustments. It must be borne in mind, therefore, that in addition to the increases of expenditure met from the Provincial Revenue or balances, additional expenditure has also been incurred for the benefit of the Province, which may be summarised as follows —

	Whole term	Last year
Reorganisation of Commission	5,49	2,27
Improvement of Kanungo Establishment	90	67
Government Advocate's Establishment	24	10
Public Works	4,00	
	<hr/> 10,63	<hr/> 3,04

In other words, the Government of India has, during the term of the contract, increased the assignment by a sum which in the last year amounts to just over 3 lakhs

4 For the first three years the Revenue declined, but during the last two years an improvement has occurred or is anticipated, and but for the fact that the Local Government has materially reduced the contributions levied from Local Funds (the gradual reduction and eventual abolition of which was contemplated at the revision of the contract) there would have been a net increase of Revenue for the whole term of about 2½ lakhs, or more than ½ lakh a year

5 Land Revenue fell off during the first two years, but regained its former amount in the third year, and shows a tendency to rise for the last two years the percentage is about 3 lakhs above the contract figure

6. Under other Revenue heads there has so far been but little improvement, save under Forests (2,26), which, notwithstanding fluctuations, has shown a tendency to increase. The other heads have so far been nearly stationary, but there has been some small improvement under Stamps (45) and Excise (1,27), the whole of the former and a large proportion of the latter being due to an anticipated increase during the current year

7 Under Civil Departments the falling off has been entirely under Law and Justice (9,51), the income under which has declined largely and continuously both under Jail Receipts (6,16) and other heads (3,35). The fall under other heads is chiefly owing to a decrease in the amount of fines

8 Under Miscellaneous there has been 20 less realised on account of interest each year, owing to the Local Government having sold its Nazul investment in 1881-82. The Provincial Revenues have really obtained credit for this interest, as the amount of the investment was paid as a contribution to Imperial, and the interest payable on the capital cost of the Amritsar-Pathankot Railway was reduced by this amount. Stationery and Printing Receipts have fallen off, especially in the last year, owing to the abolition of the Lahore Jail Press

9 There has been a slight fall in the receipts under Civil Buildings and Roads which has been nearly recouped by a rise in the Irrigation Receipts

Punjab Provincial Accounts, 1882—1887

10 On the whole the serious fall under the head of Law and Justice and the reduction of the Local Contributions have swallowed up the small increases that have accrued under other heads

11. On the expenditure side there has been a general rise Under Revenue heads the rise is mainly under Land Revenue (2,26), and is due to the improvement of the position of Tahsildars (the cost of which the Local Government undertook to bear at the revision of the contract), and to the Provincial share of the extra Kanungo Establishment There is also a rise under Excise of 40 in the last year, which is not explained

12. Under Civil Departments the largest increase is under Education (4,45), which has throughout been above the assignment, the figure for 1886-87 is specially high, being swelled by temporary expenditure in connection with the Punjab Chiefs College. Under Law and Justice there has been a decrease (—2,43), this has been chiefly under Jails, the decrease under which has been partially absorbed by increases under other heads due to the improvement of the position of Munsifs, the erection of a grade of Subordinate Judges, and the appointment of an extra High Court Judge, the Budget figure for 1886-87 shows an increase, of which part is possibly due to an over-estimate

13 Under the Miscellaneous heads superannuation charges have risen steadily (2,77), and the excess over the assignment in the current year will probably be nearly a lakh

14 In addition to the above increases of Civil Expenditure, the Local Government has spent on the average more than 3 lakhs over the assignment figure on Roads and Buildings, and has had to bear an increasing net charge for its State Railway, averaging on the whole term nearly $1\frac{1}{4}$ lakhs a year, and amounting for each of the last three years to about $1\frac{1}{2}$ lakhs

It has also expended more than 6 lakhs out of its balances on Railway construction

15 The expenditure on Civil Buildings and Roads during the term of the contract is considerably above that of the previous contract The average expenditure of the last four years of the previous contract was 21,44, (a) and for the five years of the present term it rises to 26,92, (b) or by about $5\frac{1}{2}$ lakhs

16 The estimate for 1886-87 shows a deficit of about 6 lakhs, but it seems doubtful whether this can be accepted as an estimate of normal receipts and expenditure There is, as already observed, a special increase of 40 under Excise and of 1,48 under Education, and there is also an excess of 4,30 in the Public Works expenditure as compared with 1885-86 (revised)

On the other hand, it must be remembered that under several of the principal Revenue heads the estimate of Revenue for this year is considerably higher than has yet been reached

1878-79 (a)	21,83	1882-83 (b)	30,42	} Excluding special expenditure on Murree Kohala Road
1879-80	19,33	1883-84	26,82	
1880-81	19,95	1884-85	26,61	
1881-82	21,05	1885-86	23,23	
	4) 85,76	1886-87	27,63	
Average of four years	21,44	Average of five years	134,61	
			26,92	

The 18th May 1886

Punjab Provincial Accounts, 1882-1887

Provincial Receipts—Punjab—1882-83 to 1886-87

	ASSIGNMENT FOR COMPARISON WITH					1882 83	1883 84	1884 85	1885 86 (Revised)	1886 87 (Budget)
	1882 83	1883-84	1884-85	1885 86	1886 87					
	R	R	R	R	R	R	R	R	R	R
LAND REVENUE—	85,51	85,51	85,51	85 51	85,51	81,53	81,11	83,53	88,24	88,62
Percentage										
Recurring Adjustments—										
Record Room	(a) 13	43	43	13	13	45(a)	21	21	21	21
Government Advocate			1	10	10			4	10	10
Forest Public Works			2	2	2			2	2	2
Reorganisation			95	2,27	2 27			95	2,27	2,27
Kanungo Establishment			2	21	67			2	21	67
Forts Miehni and Shahl adar				10	10				10	10
Non Recurring Adjustments—										
Murree Kohala Road		50	1,50	2,00			50	1,50	2,00	
District and Village Officers				19					19	
Inter Provincial Adjustments	(b) 50	50	50	50	50	98	1,11	1,28	1,41	1,43
Total Land Revenue	86,14	86 94	88,97	91,33	89 60	85,96(j)	85,96(p)	89,55(s)	91,78(u)	93,12
STAMPS	16,73			16,73	16 73	16 26	17,02	16 93	16 88	17,02
EXCISE	(b) 6 50			6 50	6 50	6 58	6 71	6 81	6 60	7,08
PROVINCIAL RATES	5,00			(A) 6 06	(A) 6 12	5 03	5 01	5 15	6 22	6 34
ASSESSED TAXES	2 35			2 35	2,35	2,51	2,81	2,39	2 43	2 13
FOREST	3,75			3 75	3,75	3,83	1 55	3,75	4,18	4,70
REGISTRATION	(c) 89			89	89	83(c)	87	88	90	89
Total Principal Heads of Revenue	35 22	35 22	35,22	36,28	36,31	35 04	36 97	36 91	37,21	38 46
POST OFFICE	31	31	31	31	31	32	30	22	27	25
LAW AND JUSTICE—										
COURTS	3 62	3 62				3 26	2,75	2 75	2 94	3 05
JAILS	5,01	5,01				4,52	4,21	3 11	3 41	3,42
POLICE—										
Contribution for Railway Police	(d) 15	15				35	36	36	28	
Contribution for Cantonment and Municipal Police		(g) 5 09		5,09			5,20	5 09	5 01	1,89
Other Receipts	1 30	1 30		1,30		1,17	1 22	1 23	1,16	1,21
EDUCATION	82	82		82		95	1,11	1 19	1,02	92
MEDICAL	(e) 35	(e) 35		35		35(k)	29	32	32	16
SCIENTIFIC, &c	39	39		39		52	81	78	77	(t) 75
Total Civil Departments	11 97	17,05	17 05	17,05	16 60	11,15	16 01	15,15	15 21	14,73
INTEREST	28					7	7	7	8	8
SUPFRANNUATION	31					43	10	37	30	30
STATIONERY	94					81	89	75	77	39
MISCELLANEOUS	(f) 1,53					1,63(l)	(g) 1 60	1,11	1,80	1,43
Total Miscellaneous	3 09	3,09	3,09	3,09	3 09	2,94	2 96	2 60	2 95	2,20
STATE RAILWAYS								2,00	2,85	2 95
IRRIGATION	20					26	56	13	41	41
CIVIL BUILDINGS AND ROADS	(f) 6 08					6,25	6,13	5,85	5,78	5,42
Total Public Works	6 28	6,28	6 28	6,28	6 28	6 51	6,69	8,28	9,07	8,81
CONTRIBUTIONS	(e) 2 70	2,70	2,70	2,70	2,70	2,76(k)	2,31	41	1,68	(v) 1,56
Total Receipts	1,46,04	1,51,62	1,53,65	1,57,07	1,54 95	1,44 98(m)	1,51,23(n)	1,52,12(t)	1,61,17	1,59 13
OPENING BALANCE						29,93(n)	19,59	16 98	12,37	15,49
GRAND TOTAL						1,74,91	1,70,82	1,69 10	1,73,54	1,74,92
Surplus (+) or deficit (—)	+3,17	+3,17	+3,17	+3,17	+3,17	—10,34	—2,61	—4,61	+3,12	—5,76

Punjab Provincial Accounts, 1882—1887

Provincial Expenditure—Punjab—1882-83 to 1886-87

	ASSIGNMENT FOR COMPARISON WITH					1882 83	1883-84	1884-85	1885 86 (Revised)	1886 87 (Budget)
	1882 83	1883-84	1884 85	1885 86	1886 87					
	R	R	R	R	R	R	R	R	R	R
REFUNDS	46A		46	46	46	59	64	49	46	46
LAND REVENUE— Extra Kanungos, &c, borne by Imperial Reorganisation Other charges	19,11B		2 1 19,11	40 3 19,11	67 3 19,11	} 19,26G	19,42	19,45	20,01	20,81
STAMPS	67		67	67	67		66	63	66	67
EXCISE	28		28	28	28	29	30	29	29	69
PROVINCIAL RATES	39		39	1,45F	1 51F	40	39	34	1,39	1,45
ASSESSED TAXES	1		1	1	1	1	1	1	1	1
FOREST	3,00		2,98	2,98	2,98	2 80	3,25	2,79	3,25	3,30
REGISTRATION	51B		51	51	51	44G	43	48	49	49
Total Principal Heads of Revenue	24 43	24 43	24,41	25 90	26 23	24,40	25 10	24,18	26,56	27,88
POST OFFICE	93	93	93	93	93	89	87	49	68	72
GENERAL ADMINISTRATION— Reorganisation Other charges	10,83	10,83	—54 10,83	—1,29 10,83	—1,29 10,83	} 11,15	11,19	10,61	9,67	9,70
LAW AND JUSTICE— Government Advocate Es- tablishment Reorganisation Other Expenditure (includ- ing refunds)	32,26	32 26	4 1,48 32,26	10 3,53 32,26	10 3,53 32,26		31,85	32,04	34,52	36,46
POLICE— Railway Cantonment and Municipal Other Expenditure (includ- ing refunds)	61 C 26,47 D	61 C 5,08 L 26,47 D	61 5,08 26,47	61 5,08 26,47	16 5,08 26,47	51H 26,31 H	51M 5 20M	55 5 08 26,14	35 5,01 26,12	4,89 26,24
EDUCATION (INCLUDING RE- FUNDS)	6,54	6 54	6,54	6 54	6,54	6 69	7,13	7 14	7 40	8,78
MEDICAL	5,50D	5,50	5,50	5,50	5,50	5,44 I	5,55 N	5 60	5,39	5,74
SCIENTIFIC, &c	72	72	72	72	72	67	1 03	98	99	95
Total Civil Departments	82,93	88,01	88,99	90,35	89,90	82,62	88 74	89 09	89 45	92,76
SUPPLEMENTATION	5,21					5 40	5,67	5,88	6,01	6 01
STATIONERY	4,24					4,09	3,97	4,12	4,39	4,17
MISCELLANEOUS (INCLUDING REFUNDS)	1,11					79	92	64	1,08	1 56
Total Miscellaneous	10 59	10,59	10 59	10 59	10,59	10,28	10,56	10,64	11,48	11,74
STATE RAILWAYS— Working Expenses Interest Construction	4	4	4	4	4	34 6,22J 15	1,11 O 14	1,75 1,81 36	2 37 1,98 30	2,40 2,00 16
IRRIGATION	16	16	16	16	16					
CIVIL BUILDINGS AND ROADS— Murree Kohala Road Forts Michni &c Forest Public Works Other Expenditure (includ- ing refunds)	23,79	23,79	1,50 4 23,79	2,00 10 4 23,79	10 4 23,79	30,42	50P 26,82P	1 50 26,61	2,00 23,23	27,53
Total Public Works	23,99	24,49	25 53	26,13	24 13	37,13	28 57	32 03	29,88	32,09
Total Expenditure	1,42,87	1,48,45	1,50,48	1,53 90	1 51,78	1,55,32K	1 53,84Q	1,56,73S	1,58,05	1 65,19
CLOSING BALANCE			—			19 59L	16 98R	12,37T	15,49U	9,73U
GRAND TOTAL						1,74,91	1 70 82	1,69,10	1,73,51	1,71 92

N.B.—For the Notes see overleaf

Punjab Provincial Accounts, 1882-1887

Notes explaining Punjab Provincial Accounts

	Assignment.	1882 83
(a) Brought from Registration Receipts	23	30
Added for extra Registration Charges owing to transfer to Land Revenue		
of total Record Room Charges	15	15
	<u>43</u>	<u>45</u>
(b) 50 transferred from Excise to Inter Provincial Adjustments, as the Sháhjahanpur run receipts enter the accounts through this head		
(c) See note (a)		
(d) Brought to credit with corresponding charge on the expenditure side after the Provincial Contract was framed		
The figure 45 is taken from the Account sent by the Local Government		
(e) 19 transferred to Medical from Contributions		
(f) 44 transferred from Civil Buildings, &c, to Miscellaneous on account of Khyber tolls, afterwards brought to credit under the latter head		
(g) 5 08 added as in note (d) to both sides		
(h) 1 06 and 1,12 added on account of new receipts and charges, not passed through Accounts at time of contract		
Figure given here		85,96
Deduct—		
(i) Contribution for Railways shown as expenditure	5,92	
(ii) Special Recovery of charges taken from balance as not belonging to the year	14	
(iii) Record Room Receipts	<u>45</u>	
		<u>6,51</u>
Account figure		<u>79,45</u>
(i) 19 transferred from Contributions to Medical, see note (e)		
(j) Includes 56 for Khyber tolls realised in this year, though brought to credit of Provincial by transfer through Land Revenue only in 1884-85		
(m) Total as given in Accounts		1,38,21
Add for (j) (i)		5 92
for (j) (ii)		14
for Khyber tolls		56
for excess Registration Receipts and Charges		<u>15</u>
	Amount shown here	<u>1,44,93</u>
(n) Opening Balance in Accounts		29,63
Add Khyber tolls for period preceeding term of contract		<u>44</u>
		<u>30,07</u>
Deduct for (j) (ii)		<u>14</u>
	Amount shown here	<u>29 93</u>
(p) Figure in Accounts		89,06
Deduct—		
(i) Special grant for Simla Kachheri excluded from both sides	1,60	
(ii) Portion of special grant for Murree Kohala Road spent in 1884-85 and so shown in that year	<u>1 50</u>	
		<u>3,10</u>
	Amount shown here	<u>85 96</u>
(q) Includes 76 for Khyber tolls realised in this year, &c, as in (l)		
(r) Total as in Accounts		1,53 57
Add for (q)		<u>76</u>
		<u>1,54 33</u>
Deduct as in (p)		<u>3 10</u>
	Amount shown here	<u>1 51,23</u>
(s) Figure as given in Accounts		90,33
Add—		
(i) Portion of special grant for Murree Kohala Road spent in this year		<u>1,50</u>
		<u>91,83</u>
Deduct—		
(ii) Khyber Tolls already brought to account in this statement	1,76	
(iii) Excess grant (to be adjusted in 1885-86) for reorganisation, &c	<u>52</u>	
		<u>2,28</u>
	Amount shown here	<u>89,55</u>
(t) Total as in Accounts		1,52,90
Net deductions as in (s)		<u>78</u>
	Amount shown here	<u>1,52,12</u>
(u) Figure in Estimates		94,87
Deduct—		
Grant for Secret Police		<u>9</u>
	Amount shown here	<u>94,78</u>
(v) Figure in Estimates		
Add Local figures, which represent an amount hitherto credited to Provincial but now by orders of Local Government transferred to Local in this Account they have been kept as Provincial and a corresponding reduction of the Contribution from Local has been made	Scientific, &c 41	Contribu- tions 1,90
	<u>+ 34</u>	<u>- 34</u>
	75	<u>1,56</u>

Punjab Provincial Accounts, 1882-1887

<p>A The refunds against Law and Justice, Police, Education, Miscellaneous and Civil Buildings, &c, are shown against those <i>heads</i> in the Accounts and have therefore been transferred in the Assignment</p> <p>B 14.5 transferred from Registration, where only half the charge is debited to Provincial the whole charge of 29 is shown against Land Revenue, because so shown in the Accounts, and the requisite addition has been made on the Receipt side</p> <p>C 45 added as on Receipt side, see note (d)</p> <p>D 21 transferred to Medical as in Local Government's Account from Police</p> <p>E See note (g)</p> <p>F See note (h)</p> <p>G As in note B, the amount being 15</p> <p>H Figure in Accounts</p>			27.07
Deduct—			
(i) transferred to Medical			20} — 25
(ii) Secret Police charges refunded by Imperial in 1885-86			6}
			26.82
I See H (i)			31
J Figure in Accounts			5.02
(i) Add—Contribution for Railways			
			6.23
(ii) Deduct 1 entered as a minus charge in 1883-84			1
Amount shown here			6.22
K Total as in Accounts			149.31
Add—as in J net			5.61
as in G			15
			155.37
Deduct for H (ii)			5
Amount shown here			155.32
L Balance as per Accounts			18.53
Add—			
(i) for increase of opening balance			44
(ii) for Khyber tolls not brought to Account till 1884-85			56
(iii) For minus entry under Railway capital taken in Accounts in 1883-84			1
(iv) For Secret Police charges not refunded till 1885-86			5
			10.59
M Figure in Accounts			32.04
Deduct—			
(i) Transferred to Medical			20} — 24
(ii) Secret Police charges as in H (ii)			4}
Amount shown here			31.80
N see M (i)			
O 1 omitted see J (ii)			
P Figure in Accounts			25.00
Deduct—			
Expenditure on Simla Kachera			1.23
Amount shown here			27.32
Q Total in Accounts			155.15
Deduct for P			1.23
for M (ii)			1.32
			153.63
Add for O			1
			153.64
R Balance as per Accounts			16.06
Add—Additions to closing balance of 1882-83 L Nos (i), (ii) and (iv)			1.05
Secret Police charges of 1883-84			4
Khyber tolls, 1883-84			76
			18.81
Deduct—			
Difference between (p) (i) and P 1 c 1.60—1.23=32}			1.82
For (p) (ii)			1.50}
			16.99
S Figure in Accounts reduced by 32 expenditure on Simla Kachera			12.89
T Balance as per Accounts			9
Add—for Secret Police			12.89
Deduct—			
Excess grant to be adjusted in 1885-86			52
			12.37
U Balance as per Estimates			1887-88 15.87
Deduct—Excess grant of 52 in 1884-85			16.01 10.25
			5.86 5.2
			15.49 9.73

North-Western Provinces Provincial Accounts, 1882—1887.

APPENDIX II

PROVINCIAL RECEIPTS AND EXPENDITURE DURING TERM OF CONTRACT,
NORTH-WESTERN PROVINCES

[A.B.—The figures in this Note represent thousands of Rupees—thus 4 50 means R4 50 000]

The following Table shows in abstract the receipts and expenditure (actual or estimated) of the Local Government for the term of the current contract —

General abstract

—	RECEIPTS								EXPENDITURE							
	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or —	ASSIGNMENT		1887-83	1888-84	1889-85	1890-86 (Revised)	1891-87 (Budget)	+ or —
	Original	In last year							Original	In last year						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Land Revenue—																
Wholly Provincial	4 50	4 50	5 46	6 45	5 22	5 70	5 66	+5 99								
Percentage including Record Room Receipts	1 47 00	1 47 00	1 46 18	1 46 35	1 47 73	1 46 86	1 47 12	—76								
Recurring Adjustments		—1 08	—1 03	—1 03	—1 08	—99	—1 08									
Non recurring Adjustments			—11	+1 50	+25											
Inter Provincial Adjustments	—1 05	—1 05	—1 01	—71	—1 41	—1 47	—1 09	—50								
Total	1 50 45	1 49 37	1 49 46	1 52 53	1 50 71	1 50 10	1 50 61	+4 73								
Other Revenue Heads	78 20	78 20	82 97	83 31	83 76	89 81	90 42	+49 33	80 78	80 63	71 45	82 72	82 63	83 81	81 66	+1 22
Civil Departments	15 63	15 63	14 38	15 52	13 85	13 80	15 05	—5 51	1 20 51	1 19 60	1 12 91	1 13 61	1 17 09	1 17 65	1 19 31	—17 42
Miscellaneous	3 61	3 61	3 81	5 75	3 53	3 51	3 35	+1 06	17 18	17 18	17 92	18 61	20 11	20 09	21 09	+11 55
State Railways—																
Net Revenue or Expenditure			12	1 12	1 08	1 05	2 31	+5 68	66	66						—1 30
Capital											21 01	35 93	17 62	17 19	12 19	+1 0 22
Subsidised Railways											4	76	81	43	40	+2 41
Irrigation—																
Net Revenue or Expenditure	3 61	3 61	8 49	8 53	14 21			+13 03						5 06	5 00	+10 06
Capital Expenditure											12 63	12 42				+25 05
Famine Relief											11					+11
Civil Buildings and Roads	9 44	9 44	12 74	10 51	8 89	9 65	9 00	+3 59	29 35	29 33	31 61	31 95	30 17	28 83	28 63	+3 06
Contributions (net)									7 12	7 12	12 50	21 99	19 31	18 92	18 66	+55 78
Total	2 60 97	2 59 89	2 72 00	2 82 30	2 81 01	2 67 98	2 70 74	+72 78	2 55 80	2 54 72	2 60 24	3 18 07	2 87 91	2 91 98	2 89 37	+1 92 17
Opening or Closing Balance			1 13 54	1 05 30	69 53	62 63	38 63				1 05 30	69 53	62 63	38 63	20 00	..
GRAND TOTAL			3 85 54	3 87 60	3 50 57	3 30 61	3 09 37				3 85 54	3 87 60	3 50 57	3 30 61	3 09 37	
Surplus (+) or deficit (—)	+5 17	+5 17	—8 24	—35 77	—6 90	—24 00	—18 63									—

A.B.—The + or — in columns 9 and 17 shows the increase or decrease in the total receipts or expenditure of the 6 years (including Revised Estimate for 1885-86 and Budget Estimate for 1886-87) as compared with 6 times the Average Assignment

2 The total receipts for the period amount to 13,74,06, against an assignment of 13,01,28, an increase of 72,78, and the expenditure to 14,67,60 against an assignment of 12,75,43, an increase of 1,92,17, above the assignment and an excess of R93,54 above the actual receipts. The Province commenced with the large balance of 1,13,54, which, it is estimated, will be

Total receipts and expenditure compared with assignment

North-Western Provinces Provincial Accounts, 1882—1887

reduced to 20,00 by the end of the term, a large portion of the expenditure has therefore been met by drawing on the balances

3 The principal features of the Account are the increase of income under the Principal Heads of Revenue, excluding Land Revenue, the conversion of the net expenditure on Railways to a net revenue, the great fluctuations under the head of Irrigation, the large capital expenditure on Railways and Canals, and the increased payments under the head of Contributions

4 Save under the wholly Provincial heads (Talar and Babar receipts, &c), Land Revenue has been practically stationary, the variations from year to year being comparatively small

5 Under the other Principal Revenue Heads there has been a large increase under Stamps, Excise, and Forests The increase under the last of these heads is real, the expenditure having increased but slightly and the grant for the last year being below the assignment figure The figures for these three heads have been —

	Assign- ment	1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	Increase on the 5 years' re- ceipts as com- pared with assignment.
Stamps	28,50	29,13	30,03	30,29	31 00	31,25	9,20
Excise	20,20	23,76	25,95	26,22	26,40	27,00	25,33
Forests (net)	40	83	2,85	2,76	2,51	3,12	10,33

6 Under Civil Departments there has been a fall, principally under Law and Justice and Education Under the former head the fall is chiefly under Jail receipts, and would have been greater but for the inclusion of "Kurk Amin" fees in the Accounts as a Provincial Receipt Under Education the fall is only nominal and is due to the transfer of certain School fees to Local Funds The estimate for the last year of the term under this head includes about 88 on account of the sale proceeds of the Muir College Building Fund Securities, and does not therefore represent the normal amount for the year

7 Under Miscellaneous there is a noticeable fall under Stationery, chiefly in respect of press receipts, the receipts from Jail Presses having nearly disappeared

8 The details of the net Railway receipts are shown below —

	Assign- ment	1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
Gross Receipts	5,15	5,92	6,12	9,85	10,79	11,82
Working Expenses	4,32	4,07	3,80	7,26	8,54	8,31
Interest— Payable to Imperial On Debentures	1,15 51	1,20 53	1,20	1,51	1,20	1,20
	6 01	5,80	5,00	8,77	9,74	9,51

The Gross Receipts and the Working Expenses have increased considerably owing to the opening of new railways The Interest charge has remained stationary only because the Local Government was able out of its large balances to provide the money that

North-Western Provinces Provincial Accounts, 1882-1887

was required for Capital expenditure, but for this, and for the unexplained cessation of the charge for Debenture Interest, the account would have shown a deficit

9 Irrigation Receipts show great fluctuations. The receipts and expenditure for each year under the heads of Major and Minor Works are given below —

Irrigation—Net

	Assignment	1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
<i>Major Works—</i>						
Receipts	45,40	52,83	53,50	61,97	42,89	44,85
Working Expenses	16,75	16,79	19,44	22,05	21,66	22,69
Interest	24,43	24,71	24,71	24,93	25,37	25,92
	41,18	43,50	44,15	46,98	47,03	48,61
Net Receipts	4,22	9,33	9,35	14,99	-4,14	-3,76
<i>Minor Works—</i>						
Receipts	1,17	1,31	1,35	1,48	1,33	1,39
Expenditure	1,75	2,15	2,17	2,26	2,25	2,63
Net Expenditure	58	84	82	78	92	1,24
Total Net Receipts (+) or Expenditure (-)	+3,64	+8,49	+8,53	+14,21	-5,06	-5,00

Under Minor Works the expenditure has been rising much faster than the receipts, but these works are comparatively unimportant. Under Major Works the gross receipts rose rapidly in the first three years, the receipts for 1884-85 being nearly 62,00, against the assignment figure of 45,40. The fall, however, in 1885-86 has been very great, and the gross receipts for the last two years do not come up to the contract figure. The Working Expenses and Interest charges have meantime risen, so that the surplus of $4\frac{1}{2}$ lakhs in the assignment, which rose to 15 lakhs in 1884-85, is converted in the last two years of the term to a deficit of about 4 lakhs in each year. The receipts in 1884-85 were exceptional, but those for 1885-86 and 1886-87 are much below the average of previous years. This is said to be partly due to good rainfall superseding the necessity for artificial irrigation, and partly to the failure of the Nadai Aqueduct—Lower Ganges Canal—as until the new works are completed, only about half the supply can be passed down from the Head Works at Narora.

The Irrigation Revenue is not, however, expected to remain at its present low figure. The Irrigation Department, North-Western Provinces, has furnished a statement which gives the following as the estimated Revenue for the next five years —

	Rs
1887-88	-1,67,352
1888-89	-30,228
1889-90	+4,87,772
1890-91	+6,61,772
1891-92	+9,45,772
	+18,97,736

which gives an average for the five years of 3,80 a year

10 The receipts from Civil Buildings and Roads have fluctuated, but on the whole brought in considerably more than was estimated in the assignment. The principal item under this head consists of the Ferry Receipts, which have declined slightly,

Civil Buildings and Roads—Receipts

North-Western Provinces Provincial Accounts, 1882—1887

partly owing to extended railway communication. The chief fluctuations have, however, occurred in the receipts brought to credit by Public Works officers, the main head of which is the receipts from the Public Works workshops at Roorkee. It is understood that there is a proposal before Government to make this workshop over to a private Company.

11 On the charge side under the Revenue Heads the increase is almost entirely under the head of Land Revenue, and under that head it is mainly due to increased charges for Collectors and their Establishments.

12 The decrease under Civil Departments is nominal, and is due to the transfer of certain charges under Education and Medical to Local Funds, the sums placed at the disposal of District Funds to meet these charges accounting in part for the increase under the head of Contributions (payments). Excluding these two heads, there has been an increase. Under General Administration, there is an increase of 3,02 for the whole term, the increase in the last year is 55, the principal heads of increase being the Staff and Household of the Lieutenant-Governor (12), Tour Charges (36), and Civil Secretariats (13). Under Law and Justice there is an increase of 2,99 for the whole term, the increase is chiefly in the last three years, where it falls mainly under Civil and Sessions Courts (1,16), and Criminal Courts (1,06), and is due for the most part to an increase, under the former head, of charges for the service of Process, and, under the latter, of establishments. Jails show a considerable decrease, which amounts for the last year to 99, and is due partly to the abolition of one Central Jail, and partly to smaller charges for manufactures. Under Police the increase (5,12) is apparently due to the assumption of Local and Municipal charges by the Government under this head. Under Scientific and Minor Departments, there is an increase (2,33) chiefly on account of Experimental Factories (Tea-shops, Reel and Glass experiments, Well experiments and Workshops, North India Manufactures), and Public Exhibitions and Fairs. The charge for Provincial Statistics, which includes the cost of the Agricultural Department, has also risen.

13 There has been a rise under Superannuation Charges, and under Stationery and Printing (chiefly in Stationery supplied from Central Stores).

14 The Local Government has had to meet a new charge on account of the Subsidised Railway (Rohilkund-Kumaon), which now amounts to 40 per annum.

15 Under Civil Buildings and Roads the expenditure has been tolerably uniform, and has not been much in excess of the figure taken in the assignment.

16 The expenditure under Contributions has increased very largely. Part of this, as already explained, is only a transfer of charges formerly falling under the head of Medical and Education. But a large portion of it indicates a really increased charge, and may be set down as additional expenditure on Public Works.

17 The Local Government has during the term spent 1,29,27 on Capital charges for Railways (1,04,22) and Canals (25,05), and practically nearly the whole of its available balance and surplus have been thus expended.

The 28th May 1886

North-Western Provinces Provincial Accounts, 1882-1887

Provincial Receipts—North-Western Provinces—1882-83 to 1886 87

	ASSIGNMENT		1882-83	1883-84	1884 85	1885 86 (Revised)	1886-87 (Budget)
	Original	In last year					
LAND REVENUE— <i>Taxi and Babar and other Provincial Revenue</i>	4 50	4,50	5,46	6,45	5,22 <i>I</i>	5,70	5,66
<i>Percentage</i>	1,46,12 <i>A</i>	1,46 12	1,45,22 <i>A</i>	1,45,16	1,46,54	1,45,67	1,46,14
<i>Record Room Receipts</i>	88 <i>A</i>	88	96 <i>A</i>	1,19	1,19	1,19	98
<i>Recurring Adjust ments—</i>							
Forest Public Works		+5			+5	+14	+5
Great Deccan Road		—12	—12	—12	—12	—12	—12
Railway Police		—91	—91	—91	—91	—91	—91
Forest School		—10			—10	—10	—10
<i>Non Recurring Adjust ments—</i>							
Survey charges			—11				
Grant for construction of Allahabad Free School				+1,50			
Ancient Monuments					+5		
Encumbered Estates, Jhansi					+20		
<i>Inter Provincial Ad justments</i>	—1,05 <i>M</i>	—1,05	—1,04	—74	—1,41	—1,47	—1,09
Total Land Revenue	1,50,45	1,49,37	1,49,46 <i>B</i>	1,52,53 <i>G</i>	1,50,71 <i>K</i>	1 50 10 <i>K</i>	1,50 61 <i>K</i>
STAMPS	28 50	28,50	29,13	30 03	30 29	31,00	31,25
EXCISE	20 20 <i>M</i>	20 20	23 76	25,95	26 22	26 40	27,00
PROVINCIAL RATES	16 70	16,70	17,36	16,62	16,61	16 69	16,69
ASSESSED TAXES	6,10	6,10	5,91	5 98	6 07	6 00	6 00
FORESTS	4 97	4,97	5,07	8,06	7 86	8,00	7,75
REGISTRATION	1,73 <i>A</i>	1,73	1,74 <i>A</i>	1,70	1,71	1,75	1,73
Total other Provin- cial Reve Heads	78 20	78,20	82,97	88 34	88 76	89,84	90,12
LAW AND { COURTS JUSTICE { JAILS	4,63	4 63	4 91	5 86	4,95	5 20	4 85
POLICE	4,84	4 84	4 03	3,89	3 59	3,60	4 15
EDUCATION	3 90	3,90	4,11	4 26	3 79	3 62	3 66
MEDICAL	1,11	1,11	46	32	52	51	1,30
SCIENTIFIC, &c	9	9	1	5	7	6	6
	1,06	1,06	86	1,14	94	81	1,03
Total Civil Depart- ments	15,63	15,63	14,38	15 52	13,86	13,80	15,05
INTEREST	14	14	17	17	7	7	7
SUPERANNUATION	28	28	29	23	20	16	16
STATIONERY, &c	1 02	1 02	73	69	44	41	69
MISCELLANEOUS	2,17	2,17	2,65 <i>C</i>	4,66 <i>C</i>	2,82 <i>C</i>	2,87 <i>C</i>	2,43 <i>C</i>
Total Miscellane- ous	3,61	3,61	3,84	5 75	3,53	3,54	3,35
STATE RAILWAYS	5,15	5,15	5,92	6,12	9,85	10,79	11,82
IRRIGATION & NAVIGA- TION (<i>Major Works</i>)	45,40	45,40	52,83	53,50	61,07	42,89	44,85
IRRIGATION & NAVIGA- TION (<i>Minor Works</i>)	1,17	1,17	1,31	1,35	1,48	1,33	1,39
CIVIL BUILDINGS AND ROADS	9,44	9,44	12,74	10,51	8,89	9,65	9,00
Total Public Works	61,16	61,16	72,80	71,48	82,19	64,66	67,06
CONTRIBUTIONS	1,10	1 10	68	72	1,14	1 24	1,17
Total Receipts	3,10,15	3,09,07	3,21 13	3,34 34	3,40,19	3,23,18	3,27,66
OPENING BALANCE			1,13,54 <i>D</i>	1,05,30	69 53	62 63	38,63
GRAND TOTAL			4,37,67	4,39,64	4 09 72	3,85,81	3,66 29
Surplus (+) or Deficit (—)	+5,17	+5,17	—8,24	—35,77	—6,90	—21,00	—18 63

North-Western Provinces Provincial Accounts, 1882-1887

Provincial Expenditure—North-Western Provinces—1882-83 to 1886-87

	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
	Original	As last year					
REFUNDS	89 <i>L</i>	89	1,67	62	76	87	100
LAND REVENUE	72,80 <i>A</i>	72,80	63,29 <i>A</i>	74 64	74 44	75,20	76 10
STAMPS	50	50	59	61	72	64	66
EXCISE	82	82	67	55	53	53	61
PROVINCIAL RATES	7	7	7	6	6	7	7
ASSESSED TAXES	3	3	3	3	3	4	4
FORESTS	4,72	4,57 <i>N</i>	4,19	5,21	5,10	5,49	4 63
REGISTRATION	95 <i>A</i>	95	95	1,00	99	97	95
Total Principal Revenue Heads	80,78	80,63	71 45	82 72	82,63	83,81	84,06
GENERAL ADMINISTRATION	12,19	12 19	12,39	12,98	13,09	12 77	12,74
LAW AND { COURTS	39,85 <i>L</i>	39,85	40 55	40,96	41,86	42 84	42 35
JUSTICE { JAILS	12,14	12,14	11 94	10,93	10 70	9,66	11,15
POLICE	37,37 <i>L</i>	36 46 <i>P</i>	35,74	36,14	38,29	38 94	38,61
EDUCATION	8,22 <i>L</i>	8,22	3,95	3,53	3,57	3,66	4 26
MEDICAL	8 35	8,35	6,00	6 18	6,61	6,82	7,14
SCIENTIFIC, &c	2,39	2,39	2,37	2,89	2,97	2 96	3 09
Total Civil Department	1,20,51	1,19,60	1 12,94	1,13,61	1,17,09	1,17,65	1,19 34
SUPERANNUATION	10,29	10,29	10,98	11,47	12,54	12 98	13,49
STATIONERY, &c	4 98	4,98	5,26	5 13	5 86	5 40	5,65
MISCELLANEOUS	1,91	1,91	1,68	2,04	1,71	1,71	1,96
Total Miscellaneous	17,18	17,18	17,92	18 64	20,11	20,09	21,09
FAMINE RELIEF			11				.
STATE RAILWAYS—							
Working Expenses	4 92	4 32	4 07	3 80	7,26	8,54	8,31
Interest { Imperial	1,18	1,18	1,20	1,20	1,51	1,20	1,20
Debt { Capital	51	51	53				
			21,04 <i>E</i>	25,98 <i>E</i>	17,82 <i>E</i>	17,19 <i>L</i>	12,19 <i>E</i>
IRRIGATION, &c (MAJOR)—							
Working Expenses	16 75	13,75	18,79	19 44	22,05	21,66	22,69
Interest	24,43	24,43	24 71	24,71	24,93	25,37	25,92
Capital			12,63 <i>F</i>	12 42 <i>F</i>			
SUBSIDISED RAILWAYS			4 <i>F</i>	76 <i>H</i>	81 <i>H</i>	43	40
IRRIGATION, &c (MINOR)	1,75	1,75	2,15	2,17	2,26	2,25	2,63
CIVIL BUILDINGS AND ROADS	29,35	29,33 <i>Q</i>	31,61	31,95	30,17	28,83	28,63
Total Public Works	78,29	78,27	1,16,88	1,32,43	1,06,81	1,05,17	1,01 97
CONTRIBUTIONS	8 22	8,22	13,18	22,71	20,45	20,16	19,83
Total Expenditure	3,04,98	3,03,90	3,32,37	3 70,11	3,47,09	3,47,18	3,46,29
CLOSING BALANCE			1,05,30	69,53	62,63	38,63	20,00
GRAND TOTAL			4,37,67	4,39,64	4 09,72	3 85,81	3,66,29

N B—For Notes see overleaf

North Western Provinces Provincial Accounts, 1882—1887.

Notes explaining North Western Provinces Provincial Account

A In the Assignment and Accounts for 1882-83 the following adjustments have been made on account of the Revenue Record Room Receipts, which have been treated differently in the Accounts since 1883-84 —

	RECEIPTS		EXPENDITURE	
	Assignments	1882-83	Assignments	1882-83
Registration	-127	-126	-60	-74
Land Revenue—				
Percentage	+ 52	+ 50½	+ 80	+ 100
Special grant	+ 58	+ 96½		
Law and Justice	+ 47	+ 54	+ 40	+ 48
	<u>+ 60</u>	<u>+ 74</u>	<u>+ 60</u>	<u>+ 74</u>

B Figure in Accounts 1 13 11
Figure here 1 10 46

Here more

36 25

Made up as follows Added for Record Room (see A)

1 16

Reductions shown as Expenditure—

under Railway Capital (see T)

2 04

Irrigation Capital (see F)

12 63

Subsidised Railway (see K)

4

taken by reduction of Miscellaneous (see C)

30

taken by reduction of balance (see D)

19 88

36 4

C Reduced on account of contribution of Maharaja of Benares which is restored to Imperial through the Land Revenue in 1882-83 1883-84 1884-85 1885-86 1886-87
by 70 23 22 23 23

D Reduced by 19 88 on account of Patwari Fund Balance passed on to Imperial through the Land Revenue in 1882-83

F Includes for Productive Capital taken in Accounts by reduction of Land Revenue in 1882-83 1883-84 1884-85 1885-86 1886-87
2 04 55 64 13 92 6 92 1 71

F Taken in Accounts by reduction of Land Revenue

G Figure in Accounts

93 77

Figure here

1,52 53

Here more

68 76

Made up as follows —

Reductions shown as expenditure under—

Railway Capital

55 64

Irrigation Capital

12 63

Subsidised Railways

46

taken by reduction of Miscellaneous

23

68 76

H Includes 46 in 1883-84 and 79 in 1884-85 taken in Accounts by reduction of Land Revenue

I Reduced by 44 passed to Imperial in Accounts through Land Revenue Percentage

	1884-85	1885-86	1886-87
A Figure in Accounts	1 35 78	1 42 9	1 48 67
Figure here	1 50 71	1 50 10	1 50 61

More here

14 93

7 17

1 94

Made up of Reductions—

taken here as expenditure under—

Railway Capital

1884-85

1885-86

1886-87

Subsidised Railways

13 92

6 92

1 71

taken under Miscellaneous

79

23

23

22

23

23

14 93

7 15

1 94

L Refunds are reduced by 77, which are distributed to Law and Justice

34

Police

3

Education

3

Miscellaneous

30

Civil Buildings

7

77

M Added to Excise and deducted from Land Revenue on account of Shalghapur rum which enters the accounts in this manner

N 10 deducted on account of Forest School, and 5 on account of Forest Public Works transferred to Civil Buildings &c to which head 10 is added

P 91 deducted on account of East Indian Railway Police

Q 10 added for Forest Works (see N), and 12 deducted for Great Deccan Road transferred, to Central India

Central Provinces Provincial Accounts, 1882—1887

APPENDIX III

PROVINCIAL RECEIPTS AND EXPENDITURE, DURING TERM OF CONTRACT—
CENTRAL PROVINCS

[N B.—The figures in this note represent thousands of Rupees—thus 29.88 means Rs. 29,88,000]

The following table shows in abstract the receipts and expenditure (actual or estimated) of the Central Provinces for the term of the current Contract —

General abstract

	RECEIPTS							EXPENDITURE						
	Assign- ment	1882-83	1883-84	1884-85	1885-86 (Re- vised)	1886-87 (Bud- get)	+ or —	Assign- ment	1882-83	1883-84	1884-85	1885-86 (Re- vised)	1886-87 (Bud- get)	+ or —
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Land Revenue	29.88	29.61	30.22	29.61	29.95	29.87	-11	10.17	9.23	9.55	10.16	11.89	13.03	+ 2.60
Other Revenue Heads	25.29	26.47	27.91	28.71	27.61	28.09	+ 12.43							
Civil Departments	6.65	7.32	6.61	6.33	6.61	6.32	-4							
Miscellaneous	37	62	41	37	50	54	+ 59							
Post Office								44	44	45	51	50	49	+ 19
Stat. R. ways—														
Net Revenue or Expenditure		23	3.01	1.86	1.67	46	+ 7.23	1.93						-9.91
Capital									2					+ 2
Civil Buildings and Roads	79	71	61	68	55	57	-80	9.09	10.07	10.46	14.17	13.29	14.95	+17.52
Contribution Net											12	14	77	+ 1.03
	62.98	61.99	68.83	67.59	66.95	65.85	+ 19.30	60.38	61.61	61.21	65.79	65.58	71.12	+ 23.12
Opening or Closing Balance		16.16	19.54	27.16	28.95	30.31			19.54	27.16	28.95	30.31	25.07	
		81.15	88.37	91.75	95.92	96.19			81.15	88.37	91.75	95.92	96.19	
Surplus (+) or deficit (—)	+ 2.60	+ 3.38	+ 7.62	+ 1.80	+ 1.38	- 5.27								

N B.—The + or — in columns 8 and 15 refers to the total increase or deficiency for the whole term as compared with five times the assignment

2 The total receipts for the period amount to 3,34,21 against an assignment of 3,14,91 or an increase of 19,30, and the total expenditure to 3,25,30 against an assignment of 3,01,88 or an increase of 23,42. But for the special contribution of 12 lakhs, levied from Provincial in the current year (which has not been taken into account in the above abstract), the Province would, notwithstanding this considerable increase of expenditure, have raised its balance by nearly nine lakhs.

3 The principal features of the account are the increase of income under the Principal Heads of Revenue other than Land Revenue, the conversion of the net expenditure on Railways into a net Revenue, and the largely increased expenditure on Civil Departments and Civil Buildings.

4 The Land Revenue has varied but slightly from year to year, it has really been a little above the assignment figure, the apparent decrease being due to the Inter-provincial

Central Provinces Provincial Accounts, 1882-1887

Adjustments which have reduced the Provincial Share by nearly $1\frac{1}{4}$ lakhs during the term of the Contract

5 Under the other principal Revenue heads, there has been a considerable increase under Excise and Stamps, and a small increase under Forests, the net result under the last head being, however, a considerable improvement, as the expenditure has been materially reduced. The net Revenue under these three heads has been—

	Assignment	1882-83	1883-84	1884-85	1885-86	1886-87	Increase on the five years as compared with assignment
Stamps	5,68	5,97	6,35	6,66	6,72	6,71	4,01
Excise	9,71	10,62	11,49	12,14	12,16	12,15	10,01
Forests	1,93	2,83	2,80	2,67	2,66	2,70	4,01

There is a nominal falling off under Provincial Rates, but this is due to the transfer to Local of the Education cess, the corresponding expenditure under the head of Education being also transferred.

6 Under Civil Departments there has been no variation on the whole, but there have been fluctuations under individual heads, Law and Justice has fallen considerably (2,58), principally under the head of General Fines and Forfeitures (1,96), while Police (46) and Education (1,83) have risen. The rise under Education is chiefly in contributions (from Municipalities) and Miscellaneous (which includes Book Depot Receipts).

7 The State Railways, which in 1881-82 were estimated to cost nearly two lakhs a year, have brought in $7\frac{1}{4}$ lakhs net revenue to the Province. The details are given below —

	Assignment	1882-83	1883-84	1884-85	1885-86	1886-87
Gross receipts	3,75	8,59	12,96	13,62	14,90	15,00
Working expenses	3,04	4,91	6,46	8,05	9,30	10,40
Interest	2,69	3,45	3,49	3,71	3,93	4,14
TOTAL CHARGES	5,73	8,36	9,95	11,76	13,23	14,54
NET RECEIPTS	-1,98	+ 23	+ 3,01	+ 1,86	+ 1,67	+ 46

There has been heavy Capital expenditure each year on the line chiefly in connection with the construction of the Kanhan Bridge, which accounts for the rise in interest. During the last three years the working expenses have been largely increased by expenditure for renewals, and in 1886-87 a further increase has been caused by the addition of the charge for exchange on stores procured from England.

Central Provinces Provincial Accounts, 1882-1887.

8 On the Charge side the only change requiring notice under the Revenue heads—Charges, Revenue heads is the large increase under Land Revenue. The total increase under this head has been 5,76, and the details of this are shown below —

	Assign- ment	1882-83	1883-84	1884-85	1885-86	1886-87	Increase for five years
Collectors' and Deputy Col- lectors' Establishments	6,32	6,35	6,16	6,60	7,12	7,50	2,43
Revenue Surveys			8	18	62	69	1,57
Land Settlements				6	47	1,15	1,68
Allowances to District and Village Officers					4	4	8
TOTAL	6,32	6,35	6,54	6,84	8,25	9,38	5,76

About 3½ lakhs are due to Survey and Settlement Charges, which the Province has borne without receiving, as yet, any compensating increase in Revenue

Under Collectors' and Deputy Collectors' Establishments the expenditure has increased as shown below —

	Assign- ment	1882-83	1883-84	1884-85	1885-86	1886-87	Increase for five years
Deputy Commissioners, As- sistant Commissioners, and Extra Assistant Commis- sioners	2,58	2,54	2,61	2,62	2,64	2,81	32
Office Establishment	98	95	96	1,04	1,13	1,11	29
Tahsil Establishments, &c	2,25	2,34	2,39	2,45	2,85	3,03	1,86
Contingencies	51	52	50	49	50	50	—4
TOTAL	6,32	6,35	6,46	6,60	7,12	7,50	2,43

The only increase of importance is that under Tahsil Establishments, the number of employes under this head has risen from 1,072 in 1881-82 to 1,317 in 1886-87, the increase has been mainly in the last two years

9 Under Civil Departments there has been an increase of nearly 10 lakhs, almost 9 lakhs of which is under Police, there has also been an increase of 1½ lakhs under Scientific and Minor Departments, and a decrease of about the same amount under Education and Medical together. The increase under Police is in the main due to the transfer of Municipal Police Charges to Provincial, but there has also been an increase in the number (20 to 29) and cost (1,50 in 1881-82 to 1,82 in 1885-86 and 1,75 in 1886-87) of the Staff of District and Assistant District Superintendents. Under Education and Medical the fall has been due to the transfer of certain charges to Local, while there has also been an increased contribution levied from Municipalities under the head of Education (as already noticed in paragraph 6). On the whole, however, the Local Government seems to have assumed a considerable share of local expenditure, simply as an additional burden on the Provincial finances and without any compensating transfer in the opposite direction.

Central Provinces Provincial Accounts, 1882—1887

Under Scientific and Minor Departments the rise has been general, but the main increase is due to the creation of an Agricultural Department, which is also probably the cause of the increase under some of the other heads. The following details show the course of the expenditure —

	Assign- ment	1882-83	1883-84	1884-85	1885-86	1886-87	Total increase in the five years
Provincial Museums	17	16	16	23	5	18	38
Agricultural Department		126	188	204	149	218	915
Model Farms	99	93	117	114	13	149	112
Public Exhibitions and Fairs	1	5	1	23	5	1	84
Government Bull and Stallion Charges	3	2	2	3	7	6	5
Botanical Gardens, &c	4	4	62	73	20	201	376
Railway Traffic Registration	11	8	3	3	3	3	—35
Provincial Statistics	11	115	107	127	13	101	3
Census Charges			41				41
Miscellaneous		1	1	2	1	3	8
TOTAL	281	406	547	576	72	73	1,574

N.B.—Figures to the right of the decimal points in this table represent hundreds of Rupees

The increase under Botanical and other public Gardens is mainly due to the transfer of charges from Local to Provincial, the Local charges on this account were taken in the Revised Estimate for 1881-82 at 257 and in the Estimate for 1886-87 at only 38.

10 Under the miscellaneous heads Superannuation Charges have risen, but slightly (34), the increase under Stationery and Printing has been considerable (93), and a large increase is also shown under Miscellaneous (78). Under the last head the increase in the last two years is mainly due to a new charge of 18 for Petty Establishments, the nature of which is not known.

11 Under Civil Buildings the increase has been very considerable. In the last three years the expenditure has been more than half as much again as the figure taken in the assignment.

Contributions 12 The expenditure under the head of Contributions is inconsiderable except in 1886-87.

The 19th October 1886

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STATEMENT
OF
PROVINCIAL RECEIPTS AND EXPENDITURE
IN
THE CENTRAL PROVINCES

Central Provinces Provincial Accounts, 1882—1887.

Provincial Receipts—Central Provinces—1882-83 to 1886-87

	Assignment	1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
LAND REVENUE— Percentage Recurring Adjustment Non-recurring Adjustment Inter provincial	29,88	30,00 —36	30,47 —25	29,83 —22	30,13 —17	30, 9 —22
Total Land Revenue	29,88	29 61	30,22	29,61	29,96	29,87
STAMPS	5 81	6,13	6,55	6 85	6,89	6,89
EXCISE	10 00	10,91	11,78	12 47	12,50	12 50
PROVINCIAL RATES	3 00	2,93	3,01	2,75	1,61	1,61
ASSESSED TAXES	1 25	1,27	1 28	1 19	1,22	1,22
FOREST	4,90	4,89	4,98	5,11	5,01	5 17
REGISTRATION	30	31	31	31	38	37
Total other Principal Revenue Heads	25,29	26,47	27,94	28,74	27,61	28 09
LAW AND JUSTICE { COURTS { JAILS	1,60 3,51	1,13 4,12	1 24 3,47	1,25 3,01	1,33 3 01	1,17 3,09
POLICE	55	36	69	89	75	52
EDUCATION	82	1,03	1,09	1,05	1,39	1,38
MEDICAL	4	3	6	9	5	4
SCIENTIFIC, &c	4	5	6	4	11	12
Total Civil Departments	6,65	7,32	6,61	6,33	6,61	6,32
INTEREST					2	3
SUPERANNUATION	3	1	6	6	6	8
STATIONERY	22	26	23	22	20	22
MISCELLANEOUS	12	33	12	9	22	21
Total Miscellaneous	37	62	41	37	50	54
STATE RAILWAYS	3,75	8,59	12,96	13,62	14 90	15,00
CIVIL BUILDINGS AND ROADS	79	71	64	68	55	57
Total Public Works	4,54	9,30	13,60	14 30	15,45	15,57
CONTRIBUTIONS					6	7
Total Receipts	66,73	73,35	78,78	79,35	80,25	80,46
OPENING BALANCE		16,16	19,54	27,16	28,96	30,34
GRAND TOTAL		89,51	98,32	1,06,51	1,09,21	1,10,80
Surplus (+) or Deficit (—)	+2,60	+3,38	+7,62	+1,80	+1,38	—5,27

Central Provinces Provincial Accounts, 1882-1887

Provincial Expenditure—Central Provinces—1882-83 to 1886-87.

	Assignment	1882-83	1883-84	1884-85	1885-86, Revised	1886-87, Budget
REFUNDS	28	22	19	15	16	12
LAND REVENUE	6,32	6,35	6,54	6,84	8,25	9,38
STAMPS	16	16	20	19	17	18
EXCISE	29	29	29	33	34	35
ASSESSED TAXES	1				1	1
FOREST	2,97	2,06	2,18	2,47	2,35	2,77
REGISTRATION	14	15	15	18	21	22
Total Principal Revenue Heads	10,17	9,23	9,55	10,16	11,49	13,03
POST OFFICE	44	44	45	51	50	49
GENERAL ADMINISTRATION	3,49	3,45	3,58	3,60	3,57	3,59
LAW AND JUSTICE { COURTS	7,13	7,30	7,11	7,09	7,15	7,77
{ JAILS	5,05	6,21	4,76	4,53	4,60	5,07
POLICE	11,45	12,58	13,21	13,38	13,46	13,48
EDUCATION	5,49	5,72	5,73	5,72	4,66	4,96
MEDICAL	2,96	2,79	2,73	2,81	2,69	2,83
SCIENTIFIC, &c	28	41	55	58	72	73
Total Civil Departments	35,85	38,46	37,72	37,71	36,85	38,43
SUPERANNUATION	1,41	1,50	1,50	1,48	1,45	1,45
STATIONERY, &c	1,20	1,52	1,23	1,35	1,36	1,47
MISCELLANEOUS	24	37	30	29	50	53
Total Miscellaneous	2,85	3,39	3,03	3,12	3,31	3,45
STATE RAILWAYS—						
<i>Working Expenses</i>	3,04	4,91	6,46	8,05	9,30	10,40
<i>Interest</i>	2,69	3,45	3,49	3,71	3,93	4,14
<i>Capital</i>		2				
CIVIL BUILDINGS AND ROADS	9,09	10,07	10,46	14,17	13,29	14,95
Total Public Works	14,82	18,45	20,41	25,93	26,52	29,49
CONTRIBUTIONS		—		12	20	84
Total Expenditure	64,13	69,97	71,16	77,55	78,87	85,73
CLOSING BALANCE		19,54	27,16	28,96	30,34	25,07
GRAND TOTAL		89,51	98,32	1,06,51	1,09,21	1,10,80

Bombay Provincial Accounts, 1882—1887

APPENDIX IV

PROVINCIAL RECEIPTS AND EXPENDITURE DURING TERM OF CONTRACT, BOMBAY

[N.B.—The figures in this Note represent thousands of Rupees—thus 1,90.33 means Rs 1 90 33 000]

The following statement shows the Provincial receipts and expenditure
(actual or estimated) of Bombay for the term of the
General Abstract current Contract —

	RECEIPTS								EXPENDITURE							
	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or —	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or —
	Original	In last year							Original	In last year						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
and Revenue—																
Percentage	186 39	186 53	183 40	197 80	189 02	204 22	196 22	+38 14								
Recurring Adjust- ment		1 81	-1 04	+95	+1 07	+1 77	+1 81									
Non Recurring Ad- justment			+22	+8	2											
Inter Provincial Ad- justments	5	5	+5	+34	+40	+33	+33	+1 20								
TOTAL	186 44	188 39	182 63	199 17	190 51	206 32	198 36	+39 31								
Other Revenue Heads	70 05	70 13	75 40	81 85	86 41	90 31	89 48	+73 19	95 45	95 76	95 05	99 94	1 00 85	1 04 21	1 03 47	+28 96
Civil Departments	13 34	19 16	13 20	15 17	14 48	16 37	17 23	-6 22	125 15	130 69	127 39	131 09	135 44	139 81	145 21	+36 31
Miscellaneous	3 51	3 51	4 07	2 77	3 42	3 68	3 39	-24	17 65	18 33	19 00	19 57	19 41	20 32	21 66	+8 03
Post Office Telegraph (net)									89	89	98	142	92	118	103	+112
Police											12	41	1	5		+62
Railway Miscellaneous													23	10	36	+69
Civil Buildings and Roads	6 31	6 31	7 16	7 10	8 17	7 99	7 53	+6 40	29 40	29 66	34 75	36 50	41 99	35 46	46 99	+47 87
Contributions									4 27	5 33	4 84	4 23	4 03	7 08	6 24	+2 97
TOTAL	279 65	287 50	282 46	306 06	302 99	321 67	315 99	112 47	272 81	280 65	282 73	293 19	302 69	308 24	325 01	126 57
Surplus or closing balance			32 19	31 92	44 79	44 89	61 32				31 92	41 79	41 89	61 32	52 30	
GRAND TOTAL			314 65	337 98	347 78	366 56	377 31				314 65	337 98	347 78	366 56	377 31	
Surplus (+) or defi- cit (—)	+6 84	+6 81	-27	+12 87	+10	+16 43	-9 02									

N.B.—The + or — in columns 9 and 17 refer to the excess or deficiency of the actuals (including the Revised Estimate for 1885-86 and the Budget estimate for 1886-87) as compared with five times the average assignment

2 The total Revenue of the five years amounts to 15,32,17 against an assignment of 14,19,70, or an excess of 1,12,47 over the assignment, and the total expenditure to 15,12,06 against an assignment of 13,85,49, or an excess of 1,26,57 over the assignment, the assignment, however, provided for a surplus of 6,84, so that the net result is that after expending 126½ lakhs more than was estimated in the assignment, the Province has increased its balance by 20 lakhs

3 On the Revenue side the increase has been very considerable under Land Revenue generally Revenue and the other principal Revenue Heads, there has been a small increase under Civil Buildings, but a decrease under Civil Departments, and Miscellaneous

4 The Land Revenue has fluctuated considerably from year to year, but has always, except in 1882-83, been considerably above the figure taken in the assignment, and is now expected to give the Provincial Government during the whole term of the Contract about 38 lakhs more than was originally estimated The total Land Revenue for division each year (including the amount credited as Land Revenue due to Irrigation) was —

Assignment	1882-83	1883-84	1884-85	1885-86	1886-87
3,11,50	3,04,06	3,30,65	3,15,99	3,11,39	3,28,01

Bombay Provincial Accounts, 1882-1887

5 Under the other heads of Revenue there have been large increases under Stamps (7,09), Excise (41,97), Forests (25,63) and Registration (2,06) The increase under the two last heads has been accompanied by some rise in the expenditure, but even in the net income the increase is considerable, the net figures for each year and for the Assignment under these four heads, are as follows —

	Assign- ment	1882 83	1883 84	1884-85	1885 86 (Revised)	1886 87 (Budget)	Increase for whole term over Assign- ment
Stamps (net)	19,53	20,15	20,38	21,33	21,14	21,78	7,13
Excise (net)	30,96	34,03	37,57	39,85	42,33	41,49	40,65
Forests (net)	2,20(a)	4,14	4,79	5,06	6,01	5 05	13,66
Registration (net)	17	16	26	39	46	50	92

(a) For comparison with the last 3 years should be taken at 2,33

The estimated net income under Excise for the current year exceeds the assignment figure by 10,53 or about 34 per cent, under Forests the net income has been more than double the assignment figure in every year except the first

There has been a falling off under Salt (41), Customs (1,53) and Assessed Taxes (1,62)

6 Under Civil Departments there has been a falling off under Law and Justice (8,70) and Police (66), but a rise under Medical (63), Education (1,97) and Marine (75)

7 The fall under Law and Justice comes under both Courts,—principally Fines and Forfeitures (3,00)—and Jail Receipts (5,70), in the latter case being due to smaller receipts for Jail manufactures and for convict labour

8 Under Police the decrease appears to have been mainly on account of recoveries for Village Police On the accounts there is apparently a large increase, but this is owing to the following new items brought on to the account or transferred from other heads during the term of the present Contract —

- i Contributions from Municipality, Bombay, about 2½ lakhs a year for 4 years
- ii Pound Receipts nearly 2 lakhs a year for 2 years
- iii Ramoossee Fund Receipts about a lakh spread unequally over 2 years
- iv Contributions for Abkani Police transferred from Excise about a lakh spread unequally over 2 years

Corresponding increases have occurred under the charge heads Certain recoveries for Police Clothing have been brought to credit under a new system, but the exact amount of these cannot be stated

9 Under Medical the increase is chiefly due to an increase in the receipts of the Grant Medical College, and to the anticipated recovery from the Bombay Port Trust of a moiety of the pay of the Health Officer of the Port

10 Under Education the improvement has been mainly under Fees for Government Schools, and under Marine, there has been a rise in Registration Fees

11 Under the Miscellaneous Heads, Superannuation Receipts have fallen off (50), Stationery Receipts have improved (92), but this increase is almost entirely due to the credit to Provincial of the Recoveries for Stationery supplied to Berar (72),

Bombay Provincial Accounts, 1882-1887

which in the assignment were taken as an Imperial Receipt, under Miscellaneous the receipts have fluctuated considerably and have on the whole brought in half a lakh less than the Assignment

12 Under Civil Buildings and Roads there has been a considerable increase (6,40) The increase has been chiefly under the head of Ferry Receipts and Tolls, as the figures below for the years 1881-82 to 1884-85 will show —

	1881 82	1882 83	1883 84	1884 85	Increase for the 3 years
Total Civil Buildings, &c, Receipts	6,28 (a)	7,16	7,10	8,17	3,59
Ferry Receipts and Tolls	5,30	5,85	6,07	6,85	2,87

Slight fluctuations under several other heads account for the rest of the increase

13. The Expenditure has increased under every head, and very largely under the Principal Revenue Heads, Civil Departments, Miscellaneous and Civil Buildings, &c

14. Of the Increase under Revenue Heads (28,96) nearly half is under the heads of Forest (11,97) and Registration (1,11) and is more than counterbalanced by the increased Revenue under these heads (see paragraph 5) The remaining increases are Refunds (3,46), Land Revenue (9,20), and Salt and Customs (3,50), the last two must be taken together, as certain charges previously classified as Customs charges were from October 1884 transferred to Salt

15 The excess under Refunds is owing to larger Refunds under Land Revenue and Excise Very large Refunds under the head of Land Revenue for the first two years of the Contract were anticipated, and a special addition was made to the Provincial Balance to enable the Local Government to meet them, these special Refunds have been excluded from this account, the special addition to the Balance being also left out, they were properly speaking Imperial Refunds, which were, for special reasons, passed through the Provincial Accounts But, excluding the above, the Land Revenue Refunds have been slightly above the Estimate, though the excess is small compared with the large increase in Land Revenue receipts, the Refunds are exceptionally high in 1885-86 The Excise Refunds have fluctuated largely, the figures have been—

1881 82	1882 83	1883 84	1884 85	1885 86	1886 87
1,21	3,66	1,89	2,34	2,14	1,94

of which half has fallen to the Provincial share, the increased charge on the whole is due to an enhancement of the rates at which remissions are granted to Native States on account of Pass Duty on Opium consumed in their territories

16 Under Land Revenue there has been an increase of about 5½ lakhs under both "Collectors and their Establishments" and "Revenue Survey and Land Settlement," while the "Allowances to District and Village Officers" (other than those which are mere Book debits and have accordingly been excluded from this account) have diminished by about 2½ lakhs, under this last head a new item appeared in the accounts for two years (1884-85 and 1885-86) on account of Village Cess Establishments in Sind, which in 1886-87 has been transferred to Local, but for this the decrease would have been greater, it is, however, nominal, being due to the transfer of certain charges to Police, the exact amount of which it is not

(a) These are the Actuals for 1881-82, not the Regular Estimate which was adopted for the Assignment figure, from which, however, it differs by only 3 This figure is taken because the details of the Regular Estimate are not available

Bombay Provincial Accounts, 1882—1887

possible to ascertain from the accounts Under Collectors and their Establishment there has been an increase in all the detailed heads, the rise has not been large in any individual head, but the largest increase is under Contingent Expenses including Travelling Allowances Survey and Settlement charges show increased expenditure under all heads

17 Under Salt and Customs the increase (leaving out of account the saving secured by the abolition of the general Customs duties, which was transferred to Imperial Salt and Customs—Charges by a corresponding reduction of the Land Revenue Assignment) has been nearly 8 lakhs, but about $5\frac{3}{4}$ lakhs of the total increase has been met by grants from Imperial

18 Under Civil Departments the principal increases have been under Police (18,26), Education (12,72), Medical (5,50) Civil Departments—Charges and Scientific, &c, Departments (3,07), and there has been a decrease under Law and Justice (3,34)

19 The increase under Police is probably higher than the figure shown above, as the extra charge for Bombay Police has Police—Charges been taken at the same figure as on the receipt side, so that some collection may be required The principal causes of this increase (in addition to the transfer of certain charges from Land Revenue and the bringing to account of the whole charges for Police Clothing as mentioned above) are the creation of the appointment of Inspector-General of Police, the addition of 10 probationers to the superior staff (sanctioned before the new Contract, but not taken into account in the assignment) and an increase of the District Police Force

20 Under Education the charges have risen for Inspection (84) Government Colleges, General (1,00) and Special (1,34) Education—Charges and Government Schools (2,04) and there have been small increases under most heads, but the main increase has been under Grants-in-aid and Payments by Results, the rise in the last two years being very large, the figures for the assignment and for each year of the Contract under these heads are given below —

	Assign- ment	1882 83	1883 84	1884 85	1885 86	1886-87	Increase for whole term
Grants-in-aid	86	71	34	50	2,46	3,45	3,16
Payments by Results	80	96	1,07	1,23	1,35	1,78	2,39
TOTAL	1,66	1,67	1,41	1,73	3,81	5,23	5,55

21 Under Medical the principal increases are under Sanitation and Vaccination (88), partly due to the creation of the Medical—Charges appointments of Health Officer for the Port of Bombay, and of Port Surgeon, Aden, under Hospitals and Dispensaries (4,07), the charges for salaries under this head having risen considerably (2,34 on the Accounts, not allowing for the exclusion of the Gokaldass Tejpal Hospital charges), and under Medical Colleges (75), where also the increase is mainly under Salaries

22 Under Scientific and Minor Departments, the creation of the Agricultural Department (1,25) in 1883 84 and of a Scientific, &c, Departments— Veterinary class (39) at the end of 1885-86 has Charges occasioned more than half the increase, the rest of the increase is spread over the various other heads, the largest portion being due to Experimental Factories, Model Farms, and Bull and Stallion charges

Bombay Provincial Accounts, 1882-1887

23 Under Law and Justice the decrease is the net outcome of a considerable decrease under the Jail heads (9,50), and of an increase under the Court heads (6,16) Under Jails the decrease is mainly under Supplies and Services, chiefly Rations (5,24), Manufacturing charges (2,02) and Charges for Convict Camps and Temporary Jails (1,73), the assignment figures were based on the Revised Estimates for a year when the number of prisoners was exceptionally large, which accounts for the decrease under Rations and Temporary Jails Under the Court charges the principal increases are under Civil and Sessions Courts (4,42) and Criminal Courts (3,50), while Refunds have decreased (1,70) In Civil and Sessions Courts the chief increase has been in the salaries of Sub-Judges (1,11)—the number remaining unaltered till the present year, when it is increased by 2—in Establishment charges (83), Contingencies (88), and Process Service charges (1,10) In Criminal Courts there is a rise under Salaries (1,70)—owing to an increase in the number of supernumerary Assistant Magistrates,—under Establishment (1,19) and under Contingencies (67),—chiefly Postage and Travelling Allowance

24 Under the Miscellaneous Heads, Superannuations (5,69) and Stationery, &c, (2,37) make up the whole of the increase (8,03, Miscellaneous charges, though fluctuating from year to year, having remained at almost exactly the contract figure for the whole term taken together Under Superannuations most of the increase is made up of Police pensions Under Stationery, &c, there has been a rise both in the charge for Stationery and in that for Printing, the larger portion of the increase having been under the latter head The cost of the Stationery Office has risen from 19 in 1881-82, to 33 in 1886-87, and the excess expenditure under this head during the Contract has been about half a lakhi In Stationery supplied from Central Stores there has been an increase of only 31 during the term Under Government Presses the increase has been 1,71 for the term, chiefly in the establishment of the Central Press (1,17)

25 Of the increase in the net expenditure under Post Office and Telegraph (1,12), the main portion (70) is due to the Telegraph expenditure in connection with the Provincial Telegraph Line from Sholapur to Bâisi, which was not taken into account in the Contract The increase under Post Office (42) is due to new payments under the head of subsidies, which appear in the last two years, on account of a daily postal service between Goa and Bombay

26 The expenditure on Famine Relief has not been large, but there has been some expenditure during each year that has closed The expenditure mostly occurred in the first two years, and was incurred on relief works in districts visited by locusts

27 The Miscellaneous Railway Expenditure has been incurred on various surveys of Provincial Lines of Railway Some expenditure was incurred in 1882-83 and 1883-84 on the Western Deccan Railway, but was written back in 1883-84, and has been excluded from the summary of the Accounts at the head of this paper

28 The expenditure under the head of Civil Buildings and Roads has been largely in excess of the Contract Figure The excess of 47,87 includes about 64 on account of the Establishment for Collection of Tolls, which has been made a Provincial Charge during the last two years of the term, a corresponding credit appearing on the Receipt side, excluding this amount the increase is 47,23, which gives an average of 9,45 a year The estimate for 1886-87 is 17,33 above the Contract figure of 29,66, or about three-fifths as much again

Bombay Provincial Accounts, 1882-1887

29 The details of the expenditure on Civil Buildings and Roads during the last and the present Contract, are given below —

	Original Works	Repairs	Establishment	Tools and Plant and Suspense, &c.	Expenditure by Civil Department	Total
1877-78	(a) 15,33	(b) 11,99	10,19	97	1,15	39,63
1878-79	7,06	10,63	10,38	15	.	28,22
1879-80	3,91	11,90	9,90	13	20	26,04
1880-81	5,67	12,17	6,26	9	18	24,37
1881-82	7,95	12,49	8,13	13	54	29,24
Total for term of last Contract	39,92	59,18	44,86	1,47	2,07	1,47,50
Average for each year for term of last Contract	7,98	11,84	8,97	29	42	29,50
1882-83	12,55	12,22	8,82	16	1,00	34,75
1883-84	14,02	12,20	9,52	23	53	36,50
1884-85	19,04	13,14	9,02	25	55	42,00
1885-86	12,01	12,96	9,42	33	1,14	(c) 35,86
1886-87	24,22	13,50	8,00	30	97	46,99
Total for term of present Contract	81,84	64,02	44,78	1,27	4,19	1,96,10
Average for each year of the present Contract	16,37	12,80	8,96	25	84	39,22

The average expenditure exceeds that for the last term by nearly 10 lakhs a year, of which $8\frac{1}{2}$ lakhs each year is for Original Works, and 1 lakh for Repairs and Maintenance. The charge for Establishment has been the same in both terms.

30 Below are given the details of the expenditure on Original Works divided between Buildings, Communications, and Public Improvements. It will be seen that, under the heads of both Buildings and Communications, the expenditure for the second term is more than double that for the first term —

	Buildings	Communications	Public Improvements	Total
1877-78	8,65	3,77	2,91	15,33
1878-79	3,17	2,78	1,11	7,06
1879-80	2,20	1,49	22	3,91
1880-81	3,82	1,74	11	5,67
1881-82	4,23	3,14	58	7,95
TOTAL	22,07	12,92	4,93	39,92
Average	4,41	2,58	99	7,98
1882-83	6,78	3,85	1,92	12,55
1883-84	8,24	4,54	1,24	14,02
1884-85	10,67	5,97	2,40	19,04
1885-86	6,01	4,19	1,91	12,01
1886-87	15,25	7,46	1,51	24,22
TOTAL	46,95	26,01	8,88	81,84
Average	9,39	5,20	1,78	16,37

31 The net increased expenditure under the head of Contributions amounts to nearly 3 lakhs, though there have been many petty changes under this head, the difference may be said to be generally due to the following special contributions —

Transfer of Sind Village Officers cess to Local (1885-86)	3,10
Special grant to Local for School Buildings (1886-87)	1,00
Deduct—	4,10
Repayment of portion of debt due to Government from Central Book Depot (1885-86)	1,00
	3,10

The 28th August 1886.

(a) Excluding 25,14 on account of Famine Relief included under this head

(b) " 2,75 "

(c) Approximate actuals which differ by 40 from revised estimate

Bombay Provincial Accounts, 1882-1887

Provincial Receipts—Bombay—1882-83 to 1886-87

	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
	Original	In last year					
LAND REVENUE—							
Percentage	(a) 1,86,34	(h) 1,86,18	A 1,83,38	1,07,80	1,89,03	2,01,22	1,96,22
Record Room Receipts	(b) 5	7	B 5	2	1	2	2
Recurring Adjustments—							
Stationery		45	45	45	45	45	45
"Jholam" and "Mooltan"		50		50	50	50	50
Port Surgeon, Aden		5		5	5	5	5
Deputy Commissioner, Upper Sind Frontier		30		30	30	30	30
Lower Sind Frontier Po lice		10		10	10	10	10
Preventive Establishment		71	C 1	C 55	71	71	71
Balsal Salt and Customs Establishment		1,20			50	1,20	1,20
Forest, Public Works		13			13	13	13
Sind Process Service Fees		5			1	1	5
Customs Establishment		-1,68	-1,60	-1,00	-1,67	-1,68	-1,68
Transfers between Land Revenue and Excise		(h) -2	-3	-2	-2	-2	-2
Non Recurring Adjust ments—			22				
Treaty provision of Salt				3			
Amod Paley Road				5			
Calcutta Exhibition					2		
Ancient Monuments							
Inter Provincial Adjust ments	(c) 5	5	5	34	40	33	33
Total Land Revenue	1,86,41	1,88,39	D 1,82,63	M 1,99,17	S 1,90,51	T 2,06,32	V 1,98,36
SALT	60	60	65	65	55	37	37
STAMPS	20,50	20,50	21,05	21,35	22,42	22,12	22,75
EXCISE	(c) 32,09	(h) 31,62	E 35,01	E 38,84	E 41,06	E 43,61	E 42,78
PROVINCIAL RATES		(i) 50				57	55
CUSTOMS	79	79	57	49	16	15	45
ASSESSED TAXES	6,63	6,63	6,30	6,33	6,28	6,30	6,30
FOREST	8,09	8,09	10,45	12,52	13,87	14,93	14,31
REGISTRATION	(b) 1,35	1,35	B 1,37	1,67	1,87	1,96	1,97
Total other Principal Heads of Revenue	70,05	70,13	75,40	81,85	86,41	90,31	89,18
Post Office					1	2	2
TELEGRAPH			5	3	4	1	4
Total Post Office and Telegraph			5	3	5	6	6
LAW AND JUSTICE { COURTS	3,75	3,75	3,63	3,24	3,18	2,85	2,85
{ JAILS	3,81	3,81	3,56	3,02	2,17	2,15	2,30
POLICE							
Cantonment and Mun icipal	51	(f) 3,08	59	3,30	3,18	3,12	3,08
Cattle Pound		(u) 1,91				1,91	1,91
Contribution for Abkari Police		(v) 70				28	70
Ramoosi Fund Receipts		(t) 67				31	67
Other Receipts	1,84	1,84	1,70	1,74	1,57	1,55	1,57
MARINE	35	35	46	48	50	53	51
EDUCATION	2,24	2,24	2,50	2,62	2,76	2,65	2,65
MEDICAL	(x) 51	54	59	64	60	75	75
SCIENTIFIC, &c	24	24	17	13	22	24	21
Total Civil Depts	13,34	19,16	13,20	15,17	14,18	16,37	17,23
INTEREST	59	59	61	55	54	57	57
SUPERANNUATION	1,38	1,38	1,10	1,14	1,25	1,31	1,60
STATIONERY	40	10	61	49	59	60	60
MISCELLANEOUS	1,14	1,11	1,72	59	1,04	1,20	62
Total Miscellaneous	3,51	3,51	1,07	2,77	3,12	3,68	3,39
CIVIL BUILDINGS, &c	6,31	6,31	7,16	7,10	8,17	7,99	7,53
CONTRIBUTIONS	25	25	28	53	60	1,75	23
Total Receipts	2,79,90	2,87,75	2,82,79	3,06,52	3,03,64	3,26,18	3,16,28
OPENING BALANCE			F 32,19	31,92	41,79	41,89	61,32
GRAND TOTAL			3,14,98	3,38,54	3,48,43	3,71,37	3,77,60

Bombay Provincial Accounts, 1882-1887

Provincial Expenditure—Bombay—1882-83 to 1886-87

	ASSIGNMENT		1882 83	1883-84	1884 85	1885 86 (Revised)	1886 87 (Budget)
	Original	In last year					
REFUNDS	(d) 2,35	2,35	G 3,32	N 2 70	N 2 24	3,87	3,06
ASSIGNMENTS, &C	(e) 15,13	15,13	H 14,27	H 15,88	H 14,57	H 14,68	H 14,74
LAND REVENUE	(f) 55,59	(f) 55,83	J 55,86	P 58 28	P 58,26	P 58,47	57 22
SALT	5,50	(k) 7,41	5,99	6,25	7,80	8,97	9,86
STAMPS	97	97	90	97	99	98	97
EXCISE	1,00	65	98	97	1,21	1,28	1,29
PROVINCIAL RATES		(w) 55				57	55
CUSTOMS	7,72	(l) 5,81	6,11	5,66	5,40	4 87	4,95
ASSESSED TAXES	12	12	10	10	10	10	10
FOREST	5,89	(m) 5,76	6,31	7,72	8,82	8,92	9,26
REGISTRATION	1,18	1,18	K 1,21	1,41	1,47	1,50	1,47
Total Principal Heads of Revenue	95,15	95,76	95,05	99,94	1,00,86	1,04,21	1,03,47
POST OFFICE	89	89	89	90	90	1,17	1,07
TELEGRAPH			14	55	7	7	7
Total Post Office and Telegraph	89	89	1,03	1,45	97	1,24	1,14
GENERAL ADMINISTRATION	12,35	12,35	12,11	12,45	12,67	12,68	12,58
LAW AND JUSTICE { COURTS	(y) 43,11	(n) 43,54	43,57	41,04	45,36	45,26	45,36
JAILS	8,54	8,54	7 14	6,71	6,51	6 30	6,54
POLICE	(g) 36,81	(p) 41,67	L 39,27	L 41,80	L 43,06	L 44,91	47,46
MARINE	40	(q) 90	33	71	87	62	70
EDUCATION	10 55	10,55	11,45	11,42	12,05	14,00	16 57
MEDICAL	(x) 11,58	(r) 11,63	11,96	12,30	12,83	12,99	13,53
POLITICAL			3	2	2	2	2
SCIENTIFIC, &C	1,51	1,51	1,50	1,64	2,07	3,03	2,45
Total Civil Departments	1,25,15	1,30,69	1,27,39	1,31,09	1,35,44	1,39,84	1,45,21
SUPERANNUATION	10,58	(z) 10,81	11 60	11,71	12 06	12,29	12,95
STATIONERY	4,71	(s) 5,19	5,42	5,77	5,32	5,70	6,12
MISCELLANEOUS	2,33	2,33	2,58	2,09	2,03	2,33	2,59
Total Miscellaneous	17,65	18,33	19,60	19,57	19,41	20,32	21,66
FAMINE RELIEF			12	44	1	5	
RAILWAY, MISCELLANEOUS	29,40	(m) 29,66	Q 31,75	Q 36,50	Q 41 99	10 35,46	36 46,99
CIVIL WORKS							
Total Public Works	29,40	29,66	34,87	36,94	12,23	35,61	47,35
CONTRIBUTIONS	4,52	(z) 5,58	5,12	R 1,76	4,63	8 83	6,47
Total Expenditure	2,73 06	2,80,91	2,83 06	2,93,75	3 03,54	3,10 05	3,25,30
CLOSING BALANCE			31,92	14,79	44,89	U 61 32	U 52,30
GRAND TOTAL			3,14,98	3,38,54	3,48,43	3,71,37	3,77,60
Surplus (+) or Deficit (—)	+6,84	+6,84	—27	+12,87	+10	+16 43	—9,02

N B—For Notes see overleaf

Bombay Provincial Accounts, 1882—1887

N B—The following table shows in abstract the deductions on account of Book Credits and Debits which have been made in compiling the accounts overleaf —

	Amount reckoned in the calculation of Contract	ACTUALS			ESTIMATED AMOUNTS	
		1882-83	1883-84	1884-85	1885-86	1886-87
<i>Receipt</i>	R	R	R	R	R	R
I—Land Revenue—Rent of Resumed Police Service Lands and Service commutation	69,04,000	67,67,135	67,63,981	73,36,712	73,27,000	73,27,000
V—Excise		3,873	2,310	610	1,000	1,000
TOTAL	69,04,000	67,71,008	67,66,324	73,37,322	73,28,000	73,28,000
<i>Expenditure</i>						
4 Assignments and Compensation	54,51,000	53,56,193	53,65,836	59,36,366	59,29,000	59,29,000
5 Land Revenue	10,89,000	9,36,877	9,24,802	9,18,196	9,17,000	9,7,000
20 Police	3,64,000	4,77,938	4,75,686	4,82,470	4,82,000	4,52,000
TOTAL	69,04,000	67,71,008	67,66,324	73,37,322	73,28,000	73,28,000

Notes explaining Bombay Provincial Account

(a) In Contract	2,55 33	
Deduct for Book Credits	69,04	
	<u>1 86 34</u>	
(b) Deducted from Registration and added to Land Revenue		
(c) 5 deducted from Excise and added to Inter Provincial Adjustment on account of Shahjahanpur Rum		
(d) Amount shown here	2 35	
Transferred to Law and Justice	63	
Police	1	
Medical	12	
Miscellaneous	10	
Figure in Contract	<u>3 26</u>	
(e) After deduction of Book debits		
(f) Figure in Contract after deduction of Book debits		55 74
Add—Transferred from Registration for Record room Receipts		<u>2</u>
		55,76
Deduct—Half addition for Mamlatdars, &c		<u>17</u>
		55,59
(g) After deduction of Book debits		
(h) Owing to transfer of certain revenue from Excise to Land Revenue 14 is added to Land Revenue and 12 deducted from Excise the difference being made up by the deduction of 2 from the Provincial share of the Land Revenue Excise is further reduced by 35 on account of the Provincial share of the 70 transferred to Police		
(i) 24 added, viz, for Record rooms		<u>2</u>
for Deputy Commissioner, Upper Sind Frontier, and Establishment		<u>22</u>
		24
(k) 1,91 added, viz, for Preventive Establishment		<u>71</u>
Re organisation of Southern Division		<u>1,20</u>
		1 91
(l) Customs reduced by 1,91 on account of savings under Customs Establishment Superannuations is increased also by 23 the difference between these (1,91—23=168), being the amount refunded to Imperial through the Land Revenue Head		
(m) Forest Public Works being transferred to Public Works to the extent of 26 the Provincial Forest expenditure was reduced by 13 and the other moiety was made up by an additional grant through Land Revenue		
(n) Increased by 13, viz, Deputy Commissioner Upper Sind Frontier, &c		<u>8</u>
Extra Process Serving Establishment		<u>5</u>
		13
(p) Increased by 10 for Sind Frontier Police (transferred from Imperial), 2,54 for Cantonment and Municipal Police, 67 for Ranchosee Fund charges, 70 transferred from Excise and 85 for Pound Fees Collection Establishment total 4,86		
(q) Increased by 50 for "Jhelum and "Mooltan transferred from Imperial		
(r) Increased by 5 for Port Surgeon Aden transferred from Imperial Marine		
(s) Increased by 45 on account of alteration of rate of Exchange		
(t) Taken at the figure in the last year on the Receipt side, a similar amount being added on the Expenditure side		
(u) These appear to have been taken as Provincial Receipts and transferred to Local through Contributions A corresponding amount has, therefore, been added to Contributions		
(v) See last sentence of (h)		
(w) Added on both sides having been brought on to the Accounts since the contract		
(x) 36 excluded from both receipts and expenditure on account of the contribution for and expenditure of the Gokaldas Tejpal Hospital, the accounts of which are now kept in a deposit ledger		
(y) 17 added for Mamlatdars &c		
(z) 1 06 added for Pound Contributions (1 91 credited—85 debited under Police)		
A The percentage obtained by calculation is		1,81,89
Add—Remissions of Land Revenue in 1882-83 covered by the special grant of 25,13		<u>1,49</u>
made by the Government of India on the revision of the contract		
	Balmee	1,83 38

B Shown under Registration in Accounts of 1882-83, but transferred to Land Revenue in subsequent years

C Grant made in 1884-85 8—reduction of Land Revenue in 1882-83 of 7= 1 in 1882-83

=55 in 1883-84

Bombay Provincial Accounts, 1882—1887

D	Figure as shown in the Accounts reduced by Book credits		1,72,28
	Add—		
	(1) Amount shown in note A		1,49
	(2) Refunds to Imperial (taken here by reduction of balance)		
	(a) of portion of grant for remissions of Land Revenue		6 23
	(b) of grant for Uru Salt Works		2,50
	(3) Amount transferred from Registration (see note B)		5
	(4) Grant made in 1884-85 (see note C)		8
			<u>1 82,63</u>
E	After deduction of Commutations &c omitted from both sides		
F	Opening Balance as shown in Accounts		56,68
	Add—		
	(1) Balance of Bombay City Police Superannuation Fund transferred to Provincial in 1885-86		3,06
	(2) Grant for Indus Valley Police charges of 1878-79 made to Provincial in 1883-84		8
			<u>59,82</u>
	Deduct—		
	(3) Special grant for remission of Land Revenue	25 13	
	(4) Special grant for Uru Salt Works	2,50	
			<u>27,63</u>
			32,19
N B	—The deduction in (3) is made up in this Statement as follows —		
	(5) Refund to Imperial in 1882-83 omitted from deductions		6 23
	(6) Addition to Land Revenue in 1882-83 of remissions		1 49
	(7) Reduction of Land Revenue Refunds in 1882-83		3 31
	(8)	in 1883-84	15,06
	(9)	in 1884-85	39
			<u>26 48</u>
	Deduct—		
	(10) Reductions of Land Revenue in 1883-84	96	
	(11)	in 1884-85	39
			<u>1,35</u>
			25,13
G	Figure in Accounts		6 63
	Reduced as in F (7)		3 31
			<u>3,32</u>
H	Figure in Accounts and Estimates reduced by Book debits		
J	Figure in Accounts reduced by Book debits		55 83
	Transfer from Registration		3
			<u>55 86</u>
K	See J		
L	Figure in Accounts and Estimates reduced by Book debits		
M	Figure in Accounts reduced by Book credits under Land Revenue		1 99,66
	(1) Add for C		55
			<u>2,00,21</u>
	Deduct—		
	(2) As per F (10)	96	
	(3) As per F (2)	8	
			<u>1 04</u>
			1,99,17
		1883-84	1884-85
N	Figure in Accounts	17,76	2,63
	Reduced as in F (8) and (9)	15 06	39
		<u>2 70</u>	<u>2,24</u>
P	Figure in Accounts and Estimates reduced by Book debits		
Q	The figures for Railway Expenditure in the Accounts are—	1882-83	1,12
		1883-84	—1 24
		1884-85	35
			<u>23</u>
			Net
	To avoid the minus figure in 1883-84, the net figure 23 is shown as the expenditure in 1884-85		
R	Increased by 19 see foot note to published Accounts of 1884-85 in Blue-Book		
S	Figure in Accounts reduced by Book credits		1,91,53
	Deduct—		
	(1) As per F (11)	39	
	(2) As per C	63	
			<u>1,02</u>
			1,90 51
T	Figure in Estimates reduced by Book credits		2,12,44
	Deduct—		
	(1) As per F (1)	3,06	
	(2) Same am added again by Government of India, though previously taken into account by Accountant General	3,06	
			<u>6,12</u>
			2 06 32
U	In estimates	1885-86	1886-87
	Deduct for F (2)	64,39	33 37
		3,06	3 06
		<u>61,33</u>	<u>32 31</u>
	Add for V (1)		20,00
			<u>52,31</u>
	Difference of 1 through odd hundreds in previous years		
V	In estimates after deduction of Book credits		1,78,36
	(1) Add—Contribution to Imperial omitted here		20 00
			<u>1 98,36</u>

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ties, and owing to its being deprived of the Local Fund contribution for famine expenditure of 5,67, which the Local Government had thought itself entitled to) Excluding these special grants the increase would be only 75,38

3 The grants for Administrative improvements mentioned in the preceding paragraph were given to enable the Local Government to carry out such of the improvements named below as might be possible —

	Estimated cost per annum
Improvement of Provincial Administration, including reorganisation of Board of Revenue and creation of new districts	4,93
Revision of the Subordinate Executive Staff	1,09
Reorganisation of Taluq Establishment	2,94
Improvement in the Subordinate Judicial Service	1,77
New Survey Party	1,27
	12,00

In the orders it was stated that “with this assistance the Provincial revenues must bear whatever may eventually turn out to be the whole cost of the various Administrative improvements now referred to”

Towards the expenditure in the first item nothing appears to have been spent, save a little more than half a lakh a year for the creation of the Anantapur District Under the second item there has been an increase of 32 a year for Deputy Collectors, under the 4th item the salaries of the Sub-Judicial Service have been raised by about 85 a year Under the head of Revenue Survey, there has been an increase during the whole term of 8,50

No reorganisation of the Taluq Establishment appears to have been undertaken

4 Land Revenue has fluctuated considerably from year to year The contract figure for the percentage was 1,30,21, but the actuals have varied from 1,26,05 to 1,36,58

On the whole, however, the actuals have brought in about 11 lakhs above the assignment figure during the term of the contract

5 Under the other Revenue heads there has been a profit for the whole term of 74,84 The increases are under Salt, Stamps, Excise, Registration, and Forests The apparent increase under the last head, which is entirely Provincial in Madras, is very large (31,54), but the expenditure has also risen considerably Under Registration too the gross increase (3,90) is considerably reduced by the extra expenditure under the same head The figures under the above-mentioned heads, taking the last two net, have been as follows —

	Average Assignment	1882 83	1883 84	1884 85	1885 86 (Revised)	1886 87 (Budget)	Improvement for whole term
Salt	19	25	38	45	1,37	1,37	2,87
Stamps	28,41	29,04	28,74(a)	29,19(a)	30,25(a)	29,95(a)	2,17
Excise	30,90	32,29	33,06	38,66	43,70	42,40	35,61
Forests (net)	27	2,61	1 68	2,71	1,99	1,00	8,61
Registration (net)	77	64	75	1,15	1,40	1,11	1,20

Under Salt part of the increase in the last two years is said to be on account of recoveries from the licensees under the excise system of interest on

(a) Including the special grants from Imperial on account of copying stamps introduced after the contract

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the outlay on salt works Under Stamps the improvement shown above is exclusive of the increase (7,01), which is due to the introduction of the system of collecting certain copying fees by means of stamps, and is counterbalanced by a corresponding charge under Law and Justice, which did not previously enter the Accounts The increase in Excise Revenue has been large and continuous, especially since 1883-84, when the whole system of Abkari administration was reorganised Under Forests the Establishment was reorganised at a considerably increased cost, but the surplus has improved, as compared with the assignment, which was, however, fixed at too low a figure, the actual surplus for 1881-82 having exceeded two lakhs Under Registration the increase is due to an increased scale of fees, which was accompanied by a Reorganisation of the Department at an increased charge.

6 Under Receipts of Civil Departments there has been a falling off under Law and Justice and Police, and an increase under the other heads The falling off under Law and Justice is chiefly due to a decrease in fine of convicts and jail manufactures, counterbalanced to some extent by a corresponding decrease in expenditure, and that under Police to the relief of Municipalities from the payment of Police contributions The variations under these heads are brought out by the following figures —

	Assignment	1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	Loss on whole term
LAW AND JUSTICE—							
Jail Receipts	3,08	3,22	2,14	2,03	1,79	1,03	—4,29
Other Receipts	4,30	4,28	3,67	4,13	3,94	4,01	—1,47
TOTAL	7,38	7,50	5,81	6,16	5,73	5,94	—5,76
Expenditure under Jail Manufactures	2,50	2,47	1,79	1,86	1,60	1,75	—3,03
POLICE—							
Municipal and Cantonment Police Contributions	1,45	85	30	29	19	28	—5,35
Other Receipts	3,06	2,89	3,01	2,93	3,12	3,02	—33
TOTAL	4,51	3,74	3,31	3,22	3,30	3,30	—5,68

Under Medical there is an increase chiefly in the last two years, due to the recoveries from Municipalities on account of Medical Stores Under Scientific and other Minor Departments, there has been an improvement of 3,94 chiefly in the receipts from Cinchona Plantations (3,81) which is not a real increase, the sales having previously taken place in England, and the receipts, consequently, not having come under the Service head, but having been brought to credit through the adjusting head

7 Under Miscellaneous Heads the variations have not been large, but there has been a falling off of about 86 during the whole term

8 The receipts from Civil Buildings and Roads have fallen off, notwithstanding a transfer to this head of about 20 a year on account of rent of Police huts There were exceptionally large receipts under the head of Sale of Tools and Plant in

Madras Provincial Accounts, 1882—1887

1881-82, the receipts under Fines and Refunds have also fluctuated considerably

9 On the Expenditure side there has been an increase under all heads, save Miscellaneous, but chiefly under the Principal Revenue Heads, Civil Departments and Civil Buildings, &c

General increase in Expenditure

10 Under Principal Revenue Heads the increase is chiefly under Land Revenue (14,47), Forests (22,89), and Registration (2,73), these three accounting for more than 40 of the 42½ lakhs increase under this head. It has been shown in paragraph 5 that as regards the last two heads the Revenue has more than kept pace with the Expenditure, and there has been a net gain on the whole term. Under Land Revenue the increase has been mainly under Revenue Survey (8,50) and Settlement charges (3,56). The charges under these heads (which in Madras are wholly Provincial) for each year have been—

	Assignment	1882-83	1883-84	1884-85	1885-86	1886-87	Increase on whole term
Revenue Survey	5,90	6,21	7,69	8,85	7,25	8,00	8,50
Settlement	1,57	2,36	2,57	2,70	2,52	2,76	3,56

Notwithstanding the special grant referred to in paragraph 3, the only material increase under Land Revenue has been that which has resulted from the creation of the Anantapur District (which caused an annual increase of about 19 under Salaries, and about 22 under Establishment) and from the appointment of four additional Deputy Collectors (about 25). The charges for each year and for the assignment have been—

	Assignment	1882-83	1883-84	1884-85	1885-86	1886-87	Increase on whole term
Collectors' Establt	34,80	35,03	35,17	35,64	34,89	35,12	1,85

There has been some small increase in Office Establishment and a large decrease in Contingent Expenditure, mainly owing to a very large reduction of the Revenue Process Service Establishment, and to the transfer to Establishment of the cost of the Subordinate Medical Establishment attached to Collectors' Offices.

In the Budget Estimate for 1885-86, an extra provision of 4½ lakhs was made under this head on account of the expected revision of establishments, but this revision is stated in the Budget Notes for 1886-87 to have been put off "owing to the financial pressure."

11 Under Civil Departments there has been an increase in General Administration (4,79), Education (7,03), Medical (7,56), and Scientific and Minor Departments (2,80), while there has been a decrease under Law and Justice (10,50) and Police (3,03).

Civil Departments—Charges

12 Under General Administration about half the increase is due to the transfer to Provincial of the charge for certain establishments in Imperial and Provincial Offices, which was, before the revision of the contract, shown as Local Fund Expenditure, and is still borne by the Local Funds, being recovered through the Adjusting Head of Contributions, the rest of the increase occurs under the heads of Civil Secretariats and Board of Revenue, it is comparatively small, and in both

General Administration

Madras Provincial Accounts, 1882-1887

eases is due apparently to ordinary fluctuations caused by the absence of officers on privilege leave, &c

Education Charges			13 Under Education the principal increases are under Inspection, where there has been a rise in the number of Inspectors (a), Deputy Inspectors and their Establishment, and under Grants-in-aid and Payment by results (which are now shown together as Grants-in-aid)	
	Estimate for 1885-86	Estimate for 1886-87		
(a) Inspectors	7	9		
Deputy Inspectors	40	71		
Superintendents,				
Hill Tracts	1	8		
Clerks and Servants	108	1,92		

The figures under the latter head have been—

Assignment	1882-83	1883-84	1884-85	1885-86	1886-87
	2,65	3,27	3,33	3,75	4,00

Under other heads there have been fluctuations, but they are in some measure due to transfers between the minor heads, under Government Schools, General, some charges have been transferred to Municipalities, the expenditure has been as below —

Assignment	1882-83	1883-84	1884-85	1885-86	1886-87
	1,15	1,53	1,45	1,35	1,10

Under Government Schools, Special, the increase is partly due to the transfer to the head of Education of the charges for the School of Agriculture

Medical—Charges 14 The increase under Medical occurs chiefly under the heads shown below —

	Assignment	1882-83	1883-84	1884-85	1885-86	1886-87
Medical Establishment	4 13	4,53	4,97	5,07	5,08	5,13
Hospitals and Dispensaries	3,06	3,01	2,98	3,21	1,10	4,14
Grants for Medical purposes	5	16	19	16	17	27
Lunatic Asylums	65	76	81	80	80	86
Medical College and School	79	87	90	91	91	86

Under Medical Establishment the increase is mainly on account of Native and Assistant Surgeons, who have increased from one to twenty-one in number, and from 7 to 49 in 1884-85, 55 in 1885-86, and 56 (including Reserve) in 1886-87, in cost, there has also been an increase in the Travelling Allowance charged under this head from 5 in the Assignment to 17 in 1886-87. A portion of the above increase is recovered from Local Boards by a rate of a half per cent on their receipts, as the increase in the number of Assistant Surgeons was made partly in their interests. Under Hospitals and Dispensaries the greater part of the increase in the last two years (76 in 1885-86 and 80 in 1886-87) arises from the inclusion in the Accounts of the cost of Medicines and Surgical apparatus, for Municipal and Local Dispensaries, recovered and credited under Medical and Contributions, the remainder of the increase is due to enhancement of the contributions paid for Medical Subordinates employed under Municipal and Local Funds from about 22 in the Assignment to 45 in 1886-87. Under Lunatic Asylums the number of keepers and servants has increased from 1,46 in 1882-83 to 1,74 in 1886-87, the whole charge for Establishment having accordingly risen from 14 to 20, the charges for diet and clothing have also risen from 34 in the Assignment to an estimate of 47 in 1886-87, but the actuals of 1884-85 were only 38 and the revised for 1885-86 is put at 39, the increase in 1886-87 is not explained. Some Lunatic Asylum expenditure is also now charged to Local, but the nature of this is not shown in the estimates.

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Under Medical College the Professors have been increased by two, and the clerks and servants by seven, since 1882-83, the estimate for Salaries and Establishment in 1886-87 exceeds the assignment by nearly 13

15 Of the increase under Scientific and Minor Departments about half is owing to certain Census charges, which were not brought to account till 1882-83 There has also been a rise in the charge for Public Exhibitions and Fairs, for Model Farms, and for Emigration The increase would have been much larger but for the transfer to Education of the charges of the School of Agriculture, as mentioned above

16 Of the decrease under Law and Justice about 3 lakhs are apparently due to the charges for copyists not having come up to the amount originally estimated The rest of the decrease is entirely under the head of Jails, there having been a considerable increase under some of the other heads The decrease in the charge for Jail manufactures has already been mentioned (paragraph 6) There has also been a large fall under the other Jail heads The figures for the various classes of Jails are given below —

	1880 81	Assign ment	1881 82	1882 83	1883 84	1884 85	1885 86	1886 87
Presidency Jail	62	63	61	53	51	55	54	62
Central Jails	3,36	3,37	3,02	2,76	2,49	2,52	2,73	2,94
District Jails	3,12	3,06	2,37	2,10	1,99	1,94	2,04	2,69
Lock-ups	84	80	77	73	67	71	71	71

The decreased charge is almost entirely under the head of Rations, and of Diet-money to prisoners in Lock-ups The regular estimate for 1881-82 is not divided into details for all the minor heads, but it was evidently based on the actuals for 1880-81 (which are accordingly exhibited above), and taking the same amount for rations in the assignment as was actually spent in 1880-81, the saving is very marked—

	Assignment	1881 82	1882 83	1883 84
<i>Rations, &c —</i>				
Presidency Jail	26	23	19	16
Central Jails	2,25	1,90	1,61	1,27
District Jails	1,95	1,42	1,06	98
Lock-ups	72	65	62	56
TOTAL	5,21	4,20	3,48	2,97

The increased charge in 1886-87, as compared with 1885-86, is due to the transfer of nearly one lakh on account of Jail guards to this head from the head Police

Under the other heads of Law and Justice there has been an increase in the charge for the Appellate Branch of the High Court, which is, for the most part, nominal, as it is owing to the practice of passing through the Accounts certain charges for "Printing and Translation" on behalf of private suitors which were estimated to cost more than 30 in 1885-86 in the charge for Civil and Sessions Courts, partly owing to the improvement in the pay of Sub-Judges and Munsifs and in the charge for Criminal Courts corresponding with the increase in Collectorate charges under Land Revenue

Madras Provincial Accounts, 1882—1887

17 Under the head of Police the main fluctuations have been under the head of District Executive Force. The provision for Supplies and Services and Contingent charges under this minor head in the assignment was abnormally large, and thus, though the charge for the Force has risen (the number having been raised from 21,755 to 22,137 men), the full amount of the assignment has not been worked up to in any year. In 1886-87 there would have been an increased charge under this head but for the transfer of nearly 1 lakh on account of Jail guards to the head of Law and Justice.

18 Under Miscellaneous Heads there has been a steady rise under Superannuations, though, for the first two years, the actuals did not come up to the figure assumed in the Contract. The expenditure is shown below —

Assignment	1882-83	1883-84	1884-85	1885-86	1886-87
	8,69	8,40	8,62	9,16	9,76

The charge for Police pensions has more than doubled, having risen from about one lakh to over two lakhs.

19 Under Stationery and Printing there has been an increase in the cost of the Government Press, and a fall in the charge for Stationery supplied from Central Stores, correcting the assignment figure for the latter, by the additional grant of 65 made on account of the alteration of the rate of exchange, the figures under these two minor heads are as follows —

	Assignment	1882-83	1883-84	1884-85	1885-86	1886-87
Government Presses	2,22	2,91	3,05	2,80	2,70	2,73
Stationery supplied from Central Stores	4,51	4,01	4,78	3,98	1,00	4,00

The increase under Government Presses is chiefly in the charge for the Secretariat Press, but there is a rise also in Collectorate Press charges. In the Secretariat Press, the Establishment has been increased by an Assistant Superintendent (on Rs300 a month), seven Clerks, Printers and Examiners, thirty-six Readers, Compositors, and Pressmen, and four Servants, costing in all about 25 more than the contract figure, the charges for Supplies and Services and Contingencies have also cost 1,27 more than the Assignment figure during the term of the Contract.

20 The decrease under Miscellaneous has more than counterbalanced the rise under the two preceding heads, charges under this head always fluctuate more or less, most minor heads show a decrease, a great part of the falling off is due to a provision of 1,00 in the Regular Estimate of 1881-82 for unforeseen charges, the expenditure brought to account under that head having been—

1882-83	1883-84	1884-85
21	1	1

There has been a large increase in the charge for rewards for destruction of wild animals the figures under this head are shown below —

Assignment	1882-83	1883-84	1884-85	1885-86	1886-87
24	50	82	1,21	1,17	1,20

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21 Under Irrigation the Revenue has decreased, while the Expenditure has increased, and the net result has been an excess expenditure of about 8,00 over and above the Assignment figure, which gave a net Expenditure of 2,13 a year. In connection with this head may be noted the repayment, including interest, of nearly 6 lakhs on account of money advanced from Imperial for the Madras Water Works.

22 Under Civil Buildings and Roads the expenditure has been for (25½ lakhs) above the Assignment figure, which was itself increased by 2 lakhs by a special grant from Imperial.

The expenditure under this head has been much higher than during the previous contracts, as is shown by the following figures —

1871-72	11,20	Average of 6 years 14,75
1872-73	10,93	
1873-74	18,06	
1874-75	26,33	
1875-76	10,94	
1876-77	11,07	
1877-78	19,61	Average of 5 years 17,50
1878-79	25,71	
1879-80	11,61	
1880-81	15,88	
1881-82	14,65	
1882-83	20,02	Average of 5 years 21,03
1883-84	24,60	
1884-85	29,15	
1885-86	21,84	
1886-87	25,55	

23 Besides the heads of Public Works already mentioned, the Madras Government has spent 5,14 on Famine Relief, and 1,07 on Miscellaneous Railway expenditure. During the current year it has a payment of 50 to make, under the head of Subsidised Railways, for the line between Metapollum and Coonnoor.

24 Under the head of Contributions the Local Government has, on the whole, spent about 4,00 net. Large sums have been entered in the Accounts as Contributions to Provincial, which were really Contributions to Imperial, they were credited to Provincial in the accounts and then passed to the credit of Imperial through the Land Revenue head, these items have been thrown out in the Statement of Account appended to this Note.

25. But for the contribution of six lakhs taken by India in 1886-87 (which is excluded in the Accounts appended to this Note as abnormal expenditure), the Province would, notwithstanding the largely increased expenditure referred to, have augmented its balance by 12 lakhs. After providing for an expenditure of 24½ lakhs for Civil Buildings, &c, and a sum of about 4½ lakhs (net) for Irrigation, besides more than 1 lakh for the Madras Water Works advance now nearly paid off, the Province has a surplus of 3 lakhs on the year's Estimates.

The 7th August 1886

Madras Provincial Accounts, 1882—1887

Provincial Receipts—Madras—1882-83 to 1886-87

	ASSIGNMENT		1882 83	1883 84	1884 85	1885 86 (Revised)	1886 87 (Budget)
	Original	In last year					
LAND REVENUE							
Percentage	(a) 1,30,21	1,30,21	1,35,76	1,36,68	1,26,05	1,32,08	1,31,65
Special Grants for Administrative Improvements			6,50	2,50	5,00	5,00	5,00
Recurring Adjustments—							
Stationery Loss by Exchange		65	65	65	65	65	65
Medicines to Government servants at Ooty		1			1	1	1
Bangalore prisoners		2				3	2
Savings in Customs		—13	—28	—43	—43	—13	—43
School of Ordnance Artificers		—1			—4	—1	—4
Non-recurring Adjustment							
Conservation of Ancient Monuments					5		
Interprovincial Adjustments			—1	G—97	6	—16	—1
Total Land Revenue	1,30,21	1,30,42	A 1,12,62	H 1,38,13	P 1,31,35	T 1,37,14	X 1,36,82
SALT	19	19	25	39	45	137	137
STAMPS	27 00	(A) 28 90	26,01	J 28 79	J 29 20	J 30 25	J 29 05
EXCISE	30,90	30 90	32 29	33,06	38 66	43,70	42,10
CUSTOMS	50	50	38	41	25	27	27
ASSESSED TAXES	2 35	2,35	2,30	2,33	2,16	2,30	2,30
FORESTS	2,10	(c) 4 81	9 07	9,51	11,67	12 22	13 10
REGISTRATION	2,88	2,88	2,90	3,16	3,79	1,30	1,13
Total other Principal Revenue Heads	66,22	70,53	73 23	77 67	86 18	91 11	93,52
LAW AND JUSTICE { COURTS }	7,38	7,38	{ 1,28	3 67	4 13	3,91	4 01
JAILS }			{ 3 22	2,11	2 03	1,79	1 93
POLICE	151	4 51	3 71	3,31	3,22	3 30	3 31
MARINE	22	22	5	5	5	6	6
EDUCATION	1 72	1,72	1,89	2,13	2,11	1,91	1,83
MEDICAL	61	61	62	1,08	84	1,24	1,20
SCIENTIFIC, &c	1,01	1,01	1,95	1,57	1,73	1,91	1 80
Total Civil Departments	15,13	15 18	15 75	13 95	11,15	14 21	14 13
INTEREST	3	3	3	3	2	3	3
SUPERANNUATION	31	34	B 55	B 21	22	21	21
STATIONERY &c	70	70	82	73	81	93	74
MISCELLANEOUS	1,61	1,01	76	79	73	81	75
Total Miscellaneous	2 08	2 08	2 16	1,76	1,81	2,01	1,80
IRRIGATION &c	1,15	1,15	1,41	55	53	53	51
CIVIL BUILDINGS AND ROADS	1,78	1,78	79	1,47	1 08	1 12	1,10
Total Public Works	2 93	2,93	2 20	2 02	1,61	1,65	1 61
CONTRIBUTIONS	1,15	1,15	C 1,61	K 1,16	Q 1 29	U 1,93	Y 2,01
Total Receipts	2,18,07	2,22 59	2,37,60	2,35 19	2,36 39	2,51,35	2,49,92
OPENING BALANCE			D 17,09	L 28,19	28,21	18,51	26,02
GRAND TOTAL			2 54 69	2,63,68	2,61,60	2,69,86	2,75,91

Madras Provincial Accounts, 1882-1887

Madras—Provincial Expenditure—1882-83 to 1886-87

	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
	Original	In last year					
REFUNDS	(b) 71	(b) 71	99	1,77	90	89	71
LAND REVENUE	42,62	(d) 42,71	43,80	45 68	47 43	44,95	46,18
STAMPS	72	72	71	78	84	80	80
EXCISE	1,05	1,05	99	1,00	1,16	V 1,79	1,22
CUSTOMS	2,32	(e) 1,80	1,85	1,70	1,60	1,68	1,68
ASSESSED TAXES	4	4	3	3	4	4	4
FOREST	2,13	(c) 4 54	6,45	7,86	8,95	10,23	12,10
REGISTRATION	2,10	2,10	2,26	2,11	2,61	2 90	3,02
Total Principal Revenue Heads	51,69	53,67	57 08	61,23	63 56	63,28	65,75
POST OFFICE	1,08	1,08	1,06	1,18	1,11	1,09	1,07
GENERAL ADMINISTRATION	9,53	9,53	10,54	10,07	10,51	10 78	10,53
LAW AND JUSTICE { COURTS	(b) 37,63	(f) 39,55	38 31	38,75	39 46	39,39	39,77
JAILS	10,62	10,62	9 01	7,89	8 02	8 04	9,17
POLICE	38,58	38,58	37,53	37,84	38,23	39,06	38,22
MARINE	17	17	5	8	27	20	39
EDUCATION	10,42	(g) 10,38	11,06	11,66	12,37	12,47	11,46
MEDICAL	9 80	(h) 9,81	10,23	10,85	11,18	12,01	12,27
SCIENTIFIC	3,48	3,48	5,18	3,98	3 68	3,59	3,84
Total Civil Departments	1,20,23	1 22 12	1,21 94	1,21,12	1,23,72	1 24,57	1 25,65
SUPERANNUATION	8,69	8,69	8,40	8,62	9,16	9,52	9,76
STATIONERY, &c	6,48	(j) 7,13	7,26	8,51	7,61	7,60	7,72
MISCELLANEOUS	(b) 4 33	4,33	2,77	2,59	2,82	2,83	2,71
Total Miscellaneous	19,50	20,15	18,43	19,72	19,59	19 95	20,22
FAMINE RELIEF			1,35	32	57	2 80	10
SUBSIDISED RAILWAYS							50
RAILWAY CONSTRUCTION			8	12	6	46	35
IRRIGATION & NAVIGATION	3,28	3,28	3,53	3,33	4 45	6,23	4,66
CIVIL BUILDINGS AND ROADS	18,93	18,93	20 02	24,60	29 15	21,84	24,55
MADRAS WATER WORKS (INCLUDING INTEREST)			1,00	1,48	1,18	1,14	1,10
Total Public Works	22,21	22,21	25 98	29,85	35,41	32,47	31,26
CONTRIBUTIONS	1,12	1,12	E 1,71	M 2,37	2,70	2 48	2,92
Total Expenditure	2,15,83	2,20,35	2,26,20	2,35,47	2,46,09	2 43,84	2 46,87
CLOSING BALANCE			F 23,49	N 28,21	S 18,51	W 26,02	29,07
GRAND TOTAL			2,54,69	2,63,68	2,64 60	2,69,86	2,75,94
Surplus (+) or Deficit (—)	+2,21	+2,24	+11,40	—28	—9,70	+7,51	+3,05

NB—For Notes see overleaf

Madras Provincial Accounts, 1882—1887

Notes explaining Madras Provincial Account

(a) The Land Revenue was taken not in the Assignment, but refunds are shown on the charge side in the Accounts 29 have therefore been added on both sides (to Land Revenue Receipts and to Refunds), being the Provincial Share of an assumed Land Revenue Refund of one lakh			
(b) Refunds as shown in Original Assignment			1,09
Add as by (a)			29
			<u>1,38</u>
Deduct Law and Justice Refunds (shown under service head)	50		
Miscellaneous Refunds (ditto ditto)	17		67
			<u>71</u>
Balance as shown here			
(c) The whole of the Forest Revenue and Expenditure was provincialised without any alteration in the Land Revenue percentage The same amount 2 41 has therefore been added on both sides			
(d) One third of the pay of the Customs Collector being 777-12-5 a month or Rs.9,333 a year was transferred to Land Revenue			
(e) The original grant is diminished by—			
Savings by reduction			43
Transfer to Land Revenue, see (d)			9
			<u>52</u>
(f) Increased by 2 on account of the grant for Bangalore prisoners in Madras jails and by 1,90 being the estimated amount of the special receipts and charges for copying, vide (1)			
(g) Decreased by 4 on account of the transfer of the Ordnance Artificers' school to Military			
(h) Increased by 1 on account of medicines supplied to Government servants at Ootacamund			
(i) Increased by 65 on account of alteration of rate of exchange for Stationery charges			
(k) The amount added (1,90) is the estimated amount of the new receipts due to the levy of copying fees by means of stamps These receipts are not distinguishable in the Accounts and estimates, but are taken at twice the Imperial grant, as that grant is intended to restore the Imperial half share of them			
A In Finance Accounts			1,37,21
Add—			
(1) Refund of Famine outlay by Local Funds taken by deduction from Contributions (receipts)			4,10
(2) Madras Water Works deduction shown as expenditure			1,00
(3) Census charges refund taken by deduction from opening balance			90
		Total	<u>1,43,21</u>
Deduct—			
(4) Refunds from Imperial to Local for executing Imperial Works	25		
(5) Tanjore Survey grants excluded as eventually refunded (the net grant of 22 being added to the opening balance)	34		59
			<u>84</u>
		Balance shown here	<u>1,42,62</u>
B In Accounts	1882-83	1883-84	
Here	56	23	
	55	21	
	<u>1</u>	<u>3</u>	
The difference is the amount of subscriptions to the Indian Civil Service Family Pension Fund first credited to Provincial, but transferred to Imperial in 1881-85, through the Land Revenue Head			
C In Accounts			5,74
Deduct—Vide item (1) of Note A			4 10
			<u>1,64</u>
D Opening balance in Accounts			13,73
Add—			
(1) For Tanjore Survey Grants, see A (5)			22
(2) For Local Funds balances transferred to Provincial			4 04
		Total	<u>17 99</u>
(3) Deduct—For Census expenditure, see A (3)			90
			<u>17,09</u>
E In Accounts			1,96
Deduct—Vide item (4) of Note A			25
			<u>1,71</u>
F In Accounts			24 58
Add—			
(1) Addition of Local Fund balances, see D (3)			4 04
		Total	<u>28,62</u>
Deduct—			
(2) Tanjore Survey Grant subsequently refunded (difference between A (5) and D (1))	12		
(3) For Civil Service Family Pension Fund Subscriptions (vide B) subsequently refunded	1		13
			<u>28,49</u>
		Balance shown here	<u>28,49</u>
G Cinchona Transactions in England			—1,03
Ordinary adjustments			+ 6
			<u>— 97</u>
H In Accounts			1,37,82
Add—Items taken by deduction from Contribution Receipts—			
(1) Salary of Local Fund Accounts Inspector			23
(2) Famine outlay refunded to Imperial from Local Fund			62
(3) Local Fund Contribution for Imperial Works			5
(4) Madras Water Works Refund with Interest shown as Expenditure			1,48
		Total	<u>1,40,20</u>
Deduct—			
(5) Tanjore Survey Grant subsequently refunded	1,20		
(6) Grant to recoup for copying stamps taken under Stamps	67		1,87
			<u>1,38,33</u>

Madras Provincial Accounts, 1882—1887

J These amounts include the grant made from Imperial to Provincial, through the Land Revenue, on account of Copying Stamps

K In Accounts	2,36
Deduct total of Items (1), (2) and (3) of Note H	90
Balance shown here	1,46

L In Accounts	28,62
Deduct total of Items (2) and (3) of Note F	18
Balance shown here	28,49

The addition from the Local Fund Balance was brought into the opening Provincial Balance of 1883-84.

M In Accounts	2,23
Add transferred to Local from balance, vide note to Accounts of 1884-85	14
	2,37

N In Accounts		29,70
Deduct—		
(1) Tanjore Survey Grants F (2) and H (5) (afterwards refunded)	1,32	
(2) I C S F P Subscriptions B	3	
(3) Transfer to Local as in M	14	1,49
Balance shown here		28,21
P In Accounts		1,31,50

Add Deductions from Contributions—		
(1) Salary of Local Fund Accounts Inspector		12
(2) Famine outlay refunded to Imperial from Local Fund		46
(3) Local Fund Contribution for Imperial Works		1
(4) Water Works Refund shown as Expenditure		1,18
(5) Indian Civil Service Family Pension Fund subscriptions already deducted		3
		1,33,30
Reduced by—		
(6) Tanjore Survey Grant (net)	1,00	
(7) Copying Stamps Grant shown against Stamps	95	1,95
		1,31,35

Q In Accounts	1,88
Deduct total of Items (1), (2) and (3) of Note P	59
Balance shown here	1,29

S In Accounts	20,83
Deduct Tanjore Survey Grants refunded in 1885-86 and 1886-87	2,32
Balance shown here	18,51

T In Estimate		1,33,67
Add Deductions from Contributions—		
(1) Salary of Local Fund Accounts Inspector		12
(2) Famine Outlay refunded to Imperial		33
(3) Local Fund Contribution for Imperial Works		4
(4) Madras Water Works Refund shown as Expenditure		1,14
(5) Tanjore Survey Refund		1,00
(6) Excise Establishment Refund shown as Expenditure		1,79
	Total	1,38,09
Reduced by—		
(7) Copying Stamps Grant shown against Stamps		95
Balance shown here		1,37,14

U In Estimate	2,42
Deduct total of T (1), (2) and (3)	49
Balance shown here	1,93

V See T (6)	
W In Estimate	27,34
Deduct Tanjore Survey Grant refunded in 1886-87	1,32
Balance shown here	26,02

X In Estimate		1,27,82
Add Deductions from Contributions—		
(1) Salary of Local Fund Accounts Inspector		12
(2) Famine Outlay refunded to Imperial		15
(3) Local Fund Contribution for Imperial Works		4
(4) Madras Water Works Refund shown as Expenditure		1,10
(5) Tanjore Survey Refund		1,82
(6) Excise Establishment Refund shown as Expenditure		1,22
(7) Contribution to Imperial		6,00
		1,37,77
Reduced by—		
(8) Copying Stamps Grant shown against Stamps		95
		1,36,82

Y In Estimate		2,32
Deduct total of X (1), (2) and (3)		31
Balance shown here		2,01
		3 N 2

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APPENDIX VI

PROVINCIAL RECEIPTS AND EXPENDITURE DURING TERM OF CONTRACT—BENGAL

[N.B.—The figures in this note represent thousands of Rupees—thus 1,71 34 means Rs.1,21 34 000]

The following table shows in abstract the Provincial Receipts and Expenditure, actual or estimated, for the term of the current contract —

	RECEIPTS								EXPENDITURE							
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or -	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or -
	Original	In last year							Original	In last year						
Revenue	121 34	121 34	1,23 55	1 21 91	1 20,34	1 24 66	1 22 90	+6 69								
from Revenue	45	45	42	76	77	76	77	+1 23								
Adjusted		-1 07	-63	+1	-1 07	-1 07	-1 07									
Capital Receipts			1 88	7	2 50	5										
Financial Receipts	65	65	1 80	96	1 35	1 81	1,28	+3 99								
Grant for Local Bodies	2 11	2 11	3 94	3 09	3 94	4 31	4 35	+9 68								
Revenue	121,55	123 48	1 30 96	1 27 43	1 27 64	1 30 55	1 28 23	+21 59	48 28	46 49	47,09	48 27	48 61	48,83	52 08	+11 72
Revenue	1 61 70	1 62 20	1 61 29	1 71,05	1 70 72	1 70 71	1 73 62	+39 64								
Revenue	39 34	39 34	39 30	37 48	37 78	38 30	38 82	-5 02	1 99 95	2 00 61	2 09 37	2 12,35	2 18 71	2 18,25	2 18,59	+71 61
Revenue	6 24	6 24	8 17	9 78	10 82	10 77	10 53	+18,86	23 18	23 59	26 83	21,39	26 83	27,59	28 12	+15 03
Revenue												3	1	1	1	+6
Revenue													6	1 00		+1 06
Revenue	20	20	3 35	30				+2 65					4 77	4 88	3 36	+13 01
Revenue									13 08	13 08	18 49	8 27	1 32	71	75	-36 34
Revenue											11	40	58	25		+1,31
Revenue									16 27	16 27	16 98	17 56	17 62	16 53	16 65	+3 99
Revenue									24 02	24 02	17 18	5 03	2 02	9 37	4 00	-87,50
Revenue									50	50	1 43	1 87	1 60	66	72	+3 78
Revenue	7,05	7 05	7 36	7 91	12 61	7,22	7 44	+7 29	67 62	67 77	67 29	47 19	30 14	27 73	33 06	-1,34 64
Revenue									3 31	3,31	2 62	3 20	2,34	2 00	2 00	-4,39
Revenue	3 39 08	3,38 51	3 53 43	3 53 95	3 59 77	3 57 55	3 58 69	+85 01	3 96 21	3 95 64	4 07 39	3 68 56	3 54 61	3 52 81	3 59 34	1 41,27
Revenue			75 43	21 47	6 86	12 02	16 76				21 47	6 86	12 02	16 76	16 11	
Revenue			4 28 86	3 75 42	3 66 63	3 69 57	3 75 45				4 28 86	3 75 42	3 66 63	3 69 57	3 75 45	
Revenue	-57 13	-57 13	-53 96	-14 61	+5 16	+4 74	-65									

—The + or— in columns 9 and 17 shows the difference between the total Receipts or Expenditure of the 5 years (including the Revised Estimate for 1885-86 and the estimate for 1886-87) as compared with 5 times the average assignment

2 The total receipts for the period amount to 17,83,39 against an assignment of 16,98,38, or an increase of 85,01, and the expenditure to 18,42,71 against an assignment of 19,83,98, or a decrease of 1,41,27. The expenditure has exceeded the actual receipts by 59,32, having been met to that extent by drawing on the balances, which have been reduced from 75½ to 16 lakhs.

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3 The principal features of the Account are the increase of income under the Revenue and Miscellaneous Heads, the increased expenditure on Civil Departments and the large reduction of expenditure on Irrigation and on Civil Buildings and Roads. In connection with the large decrease in expenditure on the whole, it must be borne in mind that the Assignment figures showed a deficit of more than 57 lakhs, so that the expenditure taken in the assignment was not reckoned normal expenditure, but some reduction was anticipated. The expenditure for the whole term shows that the Local Government has found it necessary to reduce its yearly expenditure by rather less than half of the deficit with which it commenced.

4 Under Land Revenue proper there has been a slight improvement, chiefly in the last two years. The increase under Record Room Receipts includes the extra assignment granted by the Government of India in consequence of the transfer of these receipts and charges from Registration (where the receipts and charges are equally shared by Imperial and Provincial) to Land Revenue (where Provincial receives only about one-third of the income, and bears the whole of the charges), the increase is therefore nominal and is counterbalanced by the increased charges. In the percentage (10 per cent) on Government Estates the Provincial Government has gained (9,68), the income having been nearly double the figure at which it was estimated, while the expenditure under the corresponding head has increased by only 5,21, it must, however, be remembered that some of the expenditure, to meet which this percentage is given, is classed under other heads than Land Revenue.

5 Under the other Revenue Heads there has been a large increase under Stamps (24,81), Provincial Rates (12,67), and Registration (4,15), there has also been a small increase under Excise (3,71) and Forests (55). The other heads have fallen off, especially Assessed Taxes (3,58) and Salt (1,70).

6 The increase under Stamps is exclusive of about 2,25 of new revenue (half of which is credited to Imperial and refunded to Provincial through the Land Revenue Head), which is counterbalanced by new expenditure, certain process service charges under the Road cess Act, formerly kept outside the accounts, being now collected by means of stamps. The increase has been mostly under Court-fees (21,45), which are estimated to bring in for the current year 5,80 more, as the Provincial share, than the Assignment figure of 1881-82. The rise has been steady and continuous during the term of the contract.

7 Provincial Rates have increased steadily, the Public Works Cess, which forms the bulk of this head, has risen from about 35 to 38 lakhs a year.

8 Under Registration there has been some increase in expenditure, but the net improvement for the term of the contract amounts to 3,03.

9 Under Excise there has also been an increase in expenditure (1,10) especially in the current year, but the net improvement has been 2,61. The increase would have been much greater but for a serious falling off in 1885-86 and 1886-87, due partly to unfavourable seasons and partly to a change of system, which has also occasioned an increase of expenditure and has thus still further diminished the net revenue.

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10 Under Forests the Expenditure has fluctuated to a certain extent with the Revenue, but has increased for the whole term by only 21 thus giving a net increase of 34

Forests—Net Improvement
11 Assessed Taxes have throughout been below the Assignment figure, in Salt Receipts the fall is entirely under Rents of Warehouses These and the smaller fall in Assessed Taxes, Salt and Customs—Receipts Customs Receipts are attributed in whole or in part to depression in trade

12 Under Receipts of Civil Departments there has been a considerable decrease under Law and Justice (4,52) and Scientific, &c, Departments (5,67), and an increase under Police (5,39) The other heads have on the whole brought in amounts differing but slightly from the Assignment figure

13. Under Law and Justice the decrease is entirely under the Court heads (6,39), there having been an increase under the Jail heads (1,87) The decrease occurs under the head of General Fees, Fines, and Forfeitures (6,32), and is mainly due to smaller receipts from fines The Assignment figure for Jail receipts was fixed very low, and though the receipts have on the average exceeded that figure, they have really fallen considerably, compared with the actuals of 1881-82, owing to the discontinuance, for a time, of those Jails industries, which, though most remunerative, were considered to compete with private enterprise The receipts under this head are, however, reviving, the revised estimate for 1885-86 being about a lakh below the actuals The figures under these two main heads of Law and Justice during the term of the contract, with the assignment and the actuals of 1881-82, are given below—

	Assign ment	1881 82	1882 83	1883 84	1884 85	1885 86 Revised	1886-87 Budget.
COURTS	9,00	9,05	8,23	7,64	7,54	7,55	7,65
JAILS	7,00	8,11	8,47	6,46	7,29	7,45	7,20

14 Under Police the principal increases have been in Recoveries on account of Village Police, due largely to revision of assessments, in Pound Receipts, due to the system of farming out the Pounds, and in the Police clothing receipts, due to a change of system, under which the recoveries on this account from the men are credited and the whole charges are shown on the expenditure side, whereas formerly only the Government grant was shown on the charge side, and no receipts were credited This portion of the increase (about 1,50) is therefore nominal The Steam Boiler fees have also increased considerably, but owing to extensive frauds, only a small portion of the actual receipts were credited to Government in 1882-83 and 1883-84 There has been a nominal decrease under Police Superannuation Receipts, owing to the transfer of Municipal Police charges to Government The superannuation subscriptions of Government Police are taken by deduction from pay.

15 Under Scientific, &c, Departments the Assignment figure included 88 on account of cinchona receipts brought to credit in the Home Accounts, which do not appear to have recurred Leaving these out of account the decrease has been only 97, and is due entirely to the cinchona receipts in India, which have fallen by 1,83, while there have been increases under other heads, chiefly Emigration, the receipts from which, while fluctuating considerably from year to year, have always been above the Assignment figure, and for the whole term show an improvement of 49

Scientific, &c, Departments—Receipts

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16 Under Miscellaneous heads there has been a very large increase under Miscellaneous Heads—Receipts Interest (2,28) and Miscellaneous (17,32) Superannuation (46) and Stationery (28) Receipts have fallen off very slightly

17 The main increase under Miscellaneous has been in unclaimed Deposits Since the Provincial contract was fiamed these have been credited net, after deducting refunds, the net amount, therefore, must be taken for purposes of comparison with the actuals during the term of the contract This net amount was taken in the Assignment at 1,36 (4,25—289), while the following amounts have been realised —

1882 83	1883 84	1884 85	1885 86 Revised	1886 87 Budget
2,76	3,75	4,41	4,40	4,40

About 13 lakhs of the increase under this head are thus accounted for. Partition fees have also increased, but this increase is balanced by a correspondingly increased charge, the levy from Municipalities of Fees for Government Audits (first levied in 1883-84), and larger recoveries from Local Funds for the cost of Controlling and Account Offices, make up the rest of the increase

18 Under Interest there have been larger receipts both from interest on Government Securities, belonging to the Education Department, and from the interest on arrear collections of the Public Works Cess By far the larger part is due to the latter head, but the exact increase, as compared with the Assignment, cannot be stated, as the Revised Estimate for 1881-82 did not distinguish these two classes of receipts The actual and estimated Revenue from 1881-82 onwards is given below —

	Assign- ment	1881 82	1882-83	1883 84	1884-85	1885 86 Revised	1886 87 Budget
INTEREST ON GOVERN- MENT SECURITIES	} 20 {	11	19	15	19	18	15
MISCELLANEOUS .		10	25	53	55	56	53

19 Under Superannuations a portion of the small decrease is due to the reduction of the rates of contribution

20 Under State Railways the contract showed a net receipt of 20, which has changed to an estimated net charge of 3,36 according to the Budget of 1886-87

The detailed figures are given below, including in the receipts the grant paid by the Government of India on account of the deprovincialisation of the Calcutta and South-Eastern Railway —

	Assign- ment	1882 83	1883 84	1884 85	1885 86	1886 87
GROSS RECEIPTS	32,19	37,88	41,24	43,10	44,13	47,94
EXPENDITURE—						
Working Expenses	19,08	20,40	25,00	30,72	29,82	30,60
Interest	12,91	14,14	15,94	17,15	19,19	20,70
	31,99	34,54	40,94	47,87	49,01	51,30
Net Receipts (+) or Expendi- ture (—)	+ 20	+ 3,34	+ 30	—4,77	—4,88	—3,36

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The net loss, as compared with the Assignment figure, is 10,36

21 A statement has been furnished by the Railway Department, Bengal, giving details for each Railway, and from this the following table has been compiled, which shows how each Railway has contributed to the above net result. In the case of the Calcutta and South-Eastern Railway, credit is taken in 1884-85 to 1886-87, both for the Imperial grant and for the interest refunded yearly by the Government of India —

	Assignment	1882 83	1883 84	1884 85	1885 86	1886 87	Net gain (+) or loss (—) compared with Assignment
Northern Bengal	+98	+3,70	+49	—1,82	+37	+1,08	—1,08
Tirhoot { Open Section		+25	—1,31	—2,57	—2,21	—1,10	
Unopen Section		—1,06	—53	—42			
Total Tirhoot	—55	—1,41	—2,14	—2,99	—2,21	—1,10	—7,13
Patna-Gyā	+33	—15	+96	+79	+99	+81	+1,75
Calcutta and South-Eastern	—11	+1,01	+1,23	+1,07	+1,31	+1,31	+8,01
Nalhati	—13	+10	+11	—10	—1	—2	+73
Dacca { Open Section				—19	—1,53	—2,19	
Unopen Section		—8	—63	—1,11	—59		..
Total Dacca		—8	—63	—1,33	—2,72	—2,19	—6,95
Kanina-Dharila (no Interest charged against this Railway)		+16	+40	+37	+17	+25	+1,35
Assam-Bihar (Unopened)	—2	—2	—11	—75	—2,10	—3,17	—6,05
	+20(a)	+3,31	+31	—4,76	(b) —4,23	(b) —3,03	—9,37

In the case of the Northern Bengal Railway the Interest charge has been almost stationary, the loss on that Railway is due to enhanced working expenses, which show an increase (for 1886-87, as compared with the Assignment) of 5,90 against an increase in Receipts of 5,73. In the case of the other Railways which show a loss, that result is mainly due to the Interest charges on unopened lines or sections of lines.

22 Under Civil Buildings and Roads the Revenue has been in excess of the assignment each year, but the bulk of the increase under this head is due to the large receipts of 1884-85, which exceeded the Assignment figure by 5,55. This is partly due to the credit in that year of recoveries on account of zemindari embankments under the contract system (1,10), which have in 1885-86 been credited to Irrigation.

(a) The details in this column are approximate only, as the details of the Revised Estimate for 1881-82 for Interest are not available. The total is correct.

(b) The figures for 1885-86 are actuals and those for 1886-87 are based on the latest information available, the net result, therefore, differs slightly from that given above as far as these years are concerned.

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gation, and partly to an extraordinary credit in the same year (4,62) under the head of Fines, Refunds, and Miscellaneous Ferry receipts, which are the main item under this head, have remained stationary

23 The principal increases of expenditure under Revenue Heads occur under Land Revenue (7,37), Stamps (79), Excise (1,10), Customs (1,03), and Registration (1,11)

24 Under Land Revenue a considerable portion of the increase (5,21) occurs in the charges for Government Estates, but this is more than covered, as remarked above (para 4), by the increased income from the special 10 per cent grant made by the Government of India Under Collectors and their establishments there has been an increase of about $2\frac{1}{4}$ lakhs, in addition to the enhanced charge of $1\frac{1}{2}$ lakhs a year allowed in the contract for the Khulna District and the improvement of the pay of Deputy Collectors, &c, and to the charges for service of Road Cess Processes, brought on to the accounts since the contract This increase is mainly due to increased establishments for Collectors and Deputy Collectors and to an increase in Partition establishments, this latter being covered by the increase in Partition Fees (see para 17) Under Survey and Settlement charges the total amount expended corresponds pretty closely with the assignment, the charge in 1886-87 is, however, nearly double the assignment, chiefly owing to the cost of the Demarcation work in Mozufferpore (2,70), the Provincial share of which is 85 Charges for Sub-divisional Establishments have increased slightly, owing to the enhancement of the pay of Sub-Deputy Collectors, and allowances to Village Officers have also risen

25 Under Stamps the increased charge is mainly due to the discount which necessarily rises with the enhanced Revenue Stamps—Charges The rise would have been greater but for the transfer of certain establishment charges of the Calcutta Collectorate to the head of Excise

26 The increased charge under Excise is partly due to this transfer and partly to the change of system referred to above Excise—Charges (see para 9)

27 Under Customs, allowance was made after the contract for a reduction of 2,29 in establishments, but this has not been quite worked up to Customs—Charges

28 The increase under Registration is more than covered by increased Revenue Registration—Charges

29 Under the Civil Departments there has been increased expenditure on all Heads, except Marine (7,15) and Medicine (2,73), the increase under Law and Justice (9,4), Police (24,51), and Education (28,39), has been considerable, under &c, Departments, (2,00) the increase has also been proportionate while under General Administration (3,56) the rise is small as has been in Tour

30 Under General Administration the chief increase is the cost of the establishment Expenses (1,33) and Local Fund Accounts (91) General Administration ment of the Exayamat Establishment (52), chiefly There has also been an increase in the Revenue shows an increase (61) almost in the last two years, the Board of Revenue has been no changes in the sanctioned scale, entirely in salaries, but there has been no changes in the sanctioned scale, owing to acting appointments in 1881-82 the assignment figure was 1- 30

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31 The increase under Law and Justice appertains to the Court Heads to the extent of 16,50 and to Jails to the extent of 6,53 Under the Court Heads the main increase is under Civil and Sessions Courts (17,36, if the whole of the 1,50 added in the contract for Deputy Collectors, &c., and the Khulna District, be taken as an addition to the grant for Criminal Courts, as was apparently the intention), and is due mainly to the improvement in the pay and increase of the numbers of Sub-Judges and Munsifs (9,45), and to the consequent increase in Establishment (4,46) and Contingencies (2,62) Charges for the service of Judicial Processes account for the rest of the increase under this head The High Court charges have also increased (1,52), mainly owing to the appointment of Additional Judges and the establishment required for them The charge for Criminal Courts has increased, compared with the Actuals of 1881-82, but has not reached the contract figure (including the additional 1,50, as mentioned above), which allowed for the improvement in the pay of Deputy Magistrates and for the extra cost of the Khulna District Under the Jail heads there has been an increase in all heads except Jail Manufactures (4,95), which were reduced under the policy mentioned above (see paragraph 13), but have now risen again above the Assignment figure For the Presidency Jail the increase (1,03) is chiefly due to the appointment of a non-Medical Superintendent in place of the Medical Officer who formerly held charge of the Jail, to an increase in the pay of the Deputy Superintendent, and to the substitution of warders for police constables for guarding the Jail, rations have also cost more than the Assignment figure, owing both to the larger number of prisoners and to the higher price of provisions These last two causes account to a considerable extent for the increased charge for Central Jails (4,98), a portion of which is, however, due to the re-elevation of the Hazaribagh Jail to a Central Jail with a special Superintendent and increased establishment The cost of rations again is responsible for a large portion of the increase under District Jails (4,00), the rest of the increase being due to the creation of a Reserve of Warders Under School of Industry the excess cost is largely due to the establishment of a new Reformatory School at Hazaribagh in 1882

32 Under Police the main increase has been in the District Executive Force (24,72), owing chiefly to the transfer of Municipal Police to Government, which has added about 4½ lakhs a year to the charge under this head, partially counterbalanced by the transfer of about 1½ lakhs under Education and Medical to Municipalities The substitution of Sub-Inspectors for Head Constables in charge of outposts accounts for some portion of the further increase, and contingent charges have also risen chiefly under Clothing, Good-conduct money, and Petty Construction and Repairs The increase under Clothing is to some extent nominal (see para 14) Municipal Police charges have decreased in every year, except the first, when the charges for the Municipal Police transferred to Government were for half a year shown under this head Under Village Police there has been an increase of 2,12, which has been partially covered by an increase in the receipts The charge for Presidency Police has risen (38), chiefly owing to the increased proportion of the charge for the Suburban Police (three-fourths instead of one-half) borne by Government, the increase of charge would have been greater but for a change of the Municipal year, owing to which the Presidency Police charges for only 4½, instead of 5 years, have been paid during the contract Under charges for the Collection of Pound Fees, &c, there has been a considerable reduction (1,89) under the farming system

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33 Under the head of Education the greater portion of the increased charge falls under Grants-in-Aid (18,30) There has been increase in the charges for Government Schools (5,55), perceptible in schools of almost every class, in Inspection charges (2,23), additional Inspectors of every class having been appointed, in Professional Colleges (1,16)—the Engineering College, Howrah,—and in Scholarships (1,34), partly due to the institution of Agricultural Scholarships

34 Under Scientific and Minor Departments the increase is in the main due to the creation of the Agricultural Department (51), with the consequent special provision for expenditure on Model Farms (12) and the Veterinary College (25), which has not been utilised, to increased expenditure on Cinchona Plantations (69), Exhibitions and Fairs (1,12), specially the Calcutta International Exhibition, and to special charges for Provincial Statistics (43) and Census (39) The Local Government has also incurred additional expenditure (62) in connection with the Meteorological Department, which is charged in detail in the Imperial accounts, being recovered from the province through the Land Revenue Head

35 Under Marine the decrease is nominal and is chiefly due to the large assignment for Building and Repair of Ships, which exceeded the actual expenditure of 1881-82 by more than a lakh There have been increases under this head in the Purchase and Hire of Ships and Vessels (1,54)—the Pilot vessel *Sarsuti*—and in Subsidies to Steamboat Companies (1,20) for the steamer service from Dhubri to Dibrugarh

36 Under Medical the decrease is mainly due to the transfer of Hospitals and Dispensaries to Municipalities, the decrease being shown both under the head of Hospitals and Dispensaries (2,85) and under Grants for Medical Purposes (2,29) The Sanitation (4,30) and Vaccination (82) Departments have cost more than the Assignment

37 Of the Miscellaneous Heads the largest increase is under Superannuations (11,15), but Stationery and Printing (1,92) and Miscellaneous (1,95) have also risen The increase shown for Superannuations is in addition to that for the special Customs pensions, for which the Government of India has made special grants, amounting to 2,84

38 Under Stationery and Printing the chief increase is in the cost of the Stationery Office, the establishment of which has been increased, and of the Secretariat Press, which is counterbalanced to some extent by the reduction of the charge for the Presidency Jail Press and for printing done by private Presses

39 Under Miscellaneous there have been fluctuations under all the minor heads, the most important increases are the charges for Commissions of Enquiry (2,42)—fifteen in all, the principal of which are Ministerial Establishments (1,01), Village Chaukidari (39), Excise (43), Rent Bill (12), Local Self-Government (12), Cholera (11), and Calcutta Municipal (11), and for Charitable Donations (68), chiefly the Calcutta Female Nurses' Institution, the original grant for which for 1886-87 was fixed at 37, but is now to be reduced to 25

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40. Under Famine Relief the expenditure has been confined to two years, 1884-85 and 1885-86. The expenditure was carried out through Local Boards.

Famine Relief

41. The Expenditure shown as Capital expenditure on State Railways includes the amounts paid as contributions for Railways, constructed out of Imperial Funds, and all miscellaneous expenditure for Railway Surveys, &c. The bulk of the expenditure was incurred in the first two years. It averages 5,90 a year, against the assignment of 13,08, showing a reduction of more than 7 lakhs, the principal sums expended were for the Calcutta and South-Eastern and the Northern Bengal State Railways.

State Railways—Capital Expenditure

42. Under Irrigation the figures of the Assignment and of 1882-83 have been re-arranged to correspond with the accounts for subsequent years, when the Calcutta and South-Eastern Canal was transferred to the class of works for which Capital and Revenue Accounts are kept.

Irrigation—Net Charge

The detailed figures, on which the net result given in the abstract has been worked out are given below —

	Assign ment	1882 83	1883 84	1884 85	1885 86 (Revised)	1886 87 (Budget)
MAJOR WORKS—						
Receipts	10,72	13,03	11,70	13,08	13,50	13,30
Working Expenses	9,45	11,48	10,69	11,80	11,67	11,25
Surplus of Receipts over Working Expenses						
Interest	1,27 20,80	1,55 21,15	1,01 21,61	1,28 22,13	1,83 22,54	2,05 22,89
Net Loss (—)	—19,53	—19,60	—20,60	—20,85	—20,71	—20,84
MINOR WORKS—						
Receipts	6,90	7,68	7,92	7,78	8,00	8,14
Working Expenses	3,61	5,05	4,88	4,55	3,52	3,95
Net Profit (+)	3,26	2,63	3,04	3,23	4,18	4,19
Total Net Loss (—)	—16,27	—16,97	—17,56	—17,62	—16,53	—16,65

As regards the Major Works (Productive Public Works), the surplus of receipts over working expenses has improved in the last two years, but the increased interest charge has more than swallowed this up, and the net result has been above a lakh worse than the assignment in every year except the first (worse by 4,95 for the whole term).

Under Minor Works, the surplus of receipts over expenditure has also improved during the last two years, and as no interest is chargeable on these works, the Province has received the benefit of this improvement, which for the whole term, however, amounts to 97 only. The net result is a loss on the whole of about 4 lakhs.

43. The capital expenditure on Canals has averaged $6\frac{1}{2}$ lakhs against an assignment of 24 lakhs. There has thus been a reduction under this head alone of $17\frac{1}{2}$ lakhs a year, or $87\frac{1}{2}$ lakhs for the whole term. During the last four years the expenditure has averaged about $3\frac{1}{4}$ lakhs.

Canals—Capital Expenditure

Bengal Provincial Accounts, 1882—1887

44 The expenditure on Agricultural Works is on account of embankments and is recovered in the Civil Department. The recoveries have hitherto been credited under Civil Buildings, &c, but from 1885-86 they have been credited as Irrigation Receipts (Civil), this credit accounts for the reduction of the charge in the Revised Estimate for 1885-86 and the Budget of 1886-87.

45 In Buildings and Roads the reduction of expenditure has been very large, the average expenditure has been 41 lakhs per annum, which is $26\frac{1}{2}$ lakhs below the assignment. The expenditure in the first two years of the term was considerably above this average, and during the last three years the expenditure has averaged only a little over 30 lakhs.

The Provincial Expenditure for the past 10 years has been as follows —

1877-78	26,16	Average of the 5 years
1878-79	33,48	
1879-80	33,84	
1880-81	47,69	
1881-82	67,58	
1882-83	67,29	41,08
1883-84	47,19	
1884-85	30,14	
1885-86	27,73	
1886-87	33,06	

The average expenditure has been about the same as during the last quinquennial term, though it has been incurred in exactly the opposite way, the heavy expenditure occurring at the commencement, instead of at the end, of the term.

The principal original works on which expenditure has been incurred have been the Secretariat Offices at Calcutta and Darjeeling and several Jails and Court-houses in various Districts.

46 The Contributions, which consist for the most part of grants in-aid for special purposes to Local Funds, have decreased, as compared with the Assignment. They have, however, been considerably in excess of the amounts paid under this head during the previous contract. The amounts then paid were—

1877-78	1878-79	1879-80	1880-81	1881-82
31	1,93	1,75	1,96	2,26

which gives an average of 1,64 against 2,43 during the present term.

Bengal Provincial Accounts, 1882—1887

Provincial Receipts—Bengal—1882-83 to 1886 87

	ASSIGNMENT		1882-83	1883-84	1884-85	1885 86, (Revised)	1886-87, (Budget)
	Original	In last year					
LAND REVENUE—							
Percentage (excluding Record room Receipts)	1,21,31	1,2,34	1,23,55	1,21,94	1,20,34	1,24,66	1,22,90
Record room Receipts	A 45	45	42	L 76	L 77	L 76	L 77
Ten per cent for Govern- ment Estates	2,11	2,11	3,94	3,69	3,94	4,31	4,35
Recurring adjustments—							
Marine		B 65	65	65	65	65	65
Civil Buildings, &c		C 15	I 8	15	15	15	15
Superintendence		D 41		M 1,61	41	41	41
Medical		E 16		N 6	16	16	16
Customs		F—2,29	J—1,36	O—2,29	—2,29	—2,29	—2,29
Meteorological		—15		O—17	—15	—15	—15
Non recurring adjust- ments			K 1,88	P 7	S 2,50	V 5	
Inter Provincial Ad- justments	65	65	1,80	96	1,36	1,84	1,28
Total Land Revenue	1,24,55	1,23,48	1,80,96	1,27,43	1,27,84	1,30,55	1,28,23
SALT	1,60	1,60	1,65	1,00	1,24	1,20	1,20
STAMPS	59,00	59,00	61,07	62,88	64,96	65,75	66,28
Grant on account of Road Cess Process Fees collected by stamps		G 50		Q 38	25	25	25
EXCISE	49,00	49,00	48,94	52,13	50,26	48,18	49,00
PROVINCIAL RATES	35,40	35,40	36,07	38,15	37,65	38,63	39,17
CUSTOMS	80	80	71	54	61	60	57
ASSESSED TAXES	8,25	8,25	7,60	7,59	7,48	7,50	7,50
FOREST	3,14	3,14	3,47	3,47	2,86	2,85	3,60
REGISTRATION	A 4,51	4,51	4,78	4,91	5,41	5,55	6,05
Total other Principal Heads of Revenue	1,61,70	1,62,20	1,61,29	1,71,05	1,70,72	1,70,71	1,73,62
LAW AND JUSTICE { COURT	9,00	9,00	8,23	7,64	7,54	7,55	7,65
{ JAILS	7,00	7,00	8,47	6,46	7,29	7,45	7,20
POLICE	5,26	5,26	4,86	5,63	6,96	7,18	7,06
MARINE—							
Port Approaches (c)							
Other Receipts	8,68	8,68	9,52	8,96	7,72	8,18	8,48
EDUCATION	5,28	5,28	5,21	5,32	5,24	5,31	5,56
MEDICAL	1,38	1,38	1,33	1,42	1,48	1,36	1,41
SCIENTIFIC AND OTHER MINOR DEPARTMENTS	2,74	2,74	1,68	2,05	1,55	1,27	1,46
Total Civil Depts	39,34	39,34	39,30	37,48	37,78	38,30	38,82
INTEREST	20	20	44	67	74	74	68
SUPERANNUATION	70	70	73	75	62	51	49
STATIONERY	1,34	1,34	1,46	1,21	1,08	1,44	1,23
MISCELLANEOUS	H 4,00	4,00	5,54	7,15	8,38	8,08	8,18
TOTAL MISCELLANEOUS	6,24	6,24	8,17	9,78	10,82	10,77	10,58
STATE RAILWAYS	32,19	32,19	36,82	39,83	41,31	W 42,58	W 46,19
IRRIGATION AND NAVI- GATION	10,72	10,72	13,03	11,70	13,07	13,50	13,30
Total Revenue from Productive Public Works	42,91	42,91	49,85	51,53	54,38	56,08	59,49
STATE RAILWAYS D SPECIAL GRANT			1,07	1,41	1,57	W 1,25	W 1,45
IRRIGATION AND NAVI- GATION			..		U 22	X 30	30
CIVIL BUILDINGS, ROADS, &c	6,90	6,90	7,68	7,92	7,78	8,60	8,74
	7,05	7,05	7,36	7,91	12,61	7,22	7,14
Total Receipts from Public Works not classified as Produc- tive	13,95	13,95	16,11	17,24	22,18	17,37	17,93
CONTRIBUTIONS	Z	Z			20	..	
Total Receipts	3,88,71	3,88,14	4,08,68	R 4,14,51	4,23,92	4,23,78	4,28,67
OPENING BALANCE			75,43	21,47	6,86	12,02	16,76
GRAND TOTAL	..		4,84,11	4,35,98	4,30,78	4,35,80	4,45,43

N B —For Notes see overleaf

Bengal Provincial Accounts, 1882-1887

Provincial Expenditure—Bengal—1882-83 to 1886-87

	ASSIGNMENT		1882-83	1883 84	1884 85	1885 86 (Revised)	1886 87 (Budget)
	Original	In last year					
REFUNDS	Y 1,28	1,28	1,21	1,42	1,40	1,24	1,12
LAND REVENUE—							
Government Estates	Z 1,95	1,95	2,59	2,88	2,75	3,17	3,56
Charges	(a) 32	(a) 32	(a) 36	66	66	(l) 15	(l) 15
Revenue Record room	28,91	(b) 29,41	28,31	29,50	29,33	29,5	31,64
Other Charges	---	---	19	---	---	---	---
OPIMUM	17	17	18	18	21	18	19
SALT	2,17	2,17	2,14	2,20	2,34	2,46	2,50
STAMPS	1,33	1,33	1,31	1,36	1,44	1,62	1,96
EXCISE	6,95	4,66	5,58	4,86	4,98	4,86	4,98
CUSTOMS	50	50	47	48	17	45	45
ASSESSED TAXES	1,98	1,98	1,91	1,91	2,06	1,85	2,35
FOREST	(a) 2,72	(a) 2,72	(a) 2,78	2,79	2,97	3,00	3,18
REGISTRATION							
Total Principal Revenue Heads	48 28	46,19	47 09	48 27	48 61	48 83	52,08
TELEGRAPH				3	1	1	1
GENERAL ADMINISTRATION	14,86	14,86	15 10	15,15	16,05	15,66	15,59
LAW AND JUSTICE { COURTS	74 03	74 03	76 13	76 21	77 32	79 36	77 87
{ JAILS	15 90	15,90	16,63	16,97	16 77	17,24	18,41
POLICE	41,52	41,52	44,61	45,86	48,02	45,83	46,82
MARINE—							
Port Approaches (c)		60	65	46	54	60	58
“Undaunted”							
Other Charges	9,25	9,25	8,86	8 23	7,93	7,38	7,38
EDUCATION	26,83	26,83	30 16	31 55	34 00	33 00	33,92
MEDICAL	11 56	(d) 11,72	13,72	13 64	14 56	14,30	14,50
POLITICAL							
SCIENTIFIC, &c	3 00	(e) 2 85	3,51	3,98	3 51	3,48	3,52
Total Civil Depts	1,99 95	2,00,61	2,09 37	2,12 35	2,18 71	2,18,25	2,18,59
SUPPLEMENTATION—							
Special Customs		41	(g) 1,20	(g) 11	41	41	41
Other Charges	9 50	9 50	10 59	10,99	11,88	12 16	13 33
STATIONERY, &c	10,18	10 18	10 51	9,28	10 86	11,18	10 98
MISCELLANEOUS	3 50	3 50	4 53	3 71	3,98	3 84	3 40
Total Miscellaneous	23,18	23,59	26 83	21,39	26,83	27,59	28,12
FAMINE RELIEF					6	1,00	
STATE RAILWAYS—							
Interest	12,91	12,91	14,11	15,94	17,15	19,19	20 70
Working Expenses	19,08	19,08	19,50	23,99	29,52	28,72	29,40
IRRIGATION AND NAVIGATION—							
Interest	20,80	20,80	21,15	21 61	23,12	22 54	22 89
Working Expenses	9,45	9,45	11,48	10,69	11,80	11,67	11,25
Total Expenditure on Productive Public Works (Revenue Account)	62,24	62,21	66 27	72,23	80 59	82,12	84,24
STATE RAILWAYS—							
Working Expenses			90	1,01	1,20	1,10	1,20
Capital	58	58	1 82	(k) 1 65	1,32	71	75
SUBSIDISED RAILWAYS			11	40	58	25	
IRRIGATION—							
Capital	(f) 24,02	(f) 21,02	(h) 17,18	5,03	2,02	4,37	4,00
Working Expenses	(f) 3,61	(f) 3,64	(h) 5,06	4 88	4 55	3,52	3,95
Agricultural Works	(f) 50	(f) 50	1,43	1,87	1,60	1,26	1,32
CIVIL BUILDINGS AND ROADS—							
Special Grants		15	8	15	15	15	15
Ordinary Expenditure	67,62	67,62	67,21	47,04	27 63	27,58	32,91
Write-off of Port Canal Loan					2,36		
Total Expenditure on Public Works not classed as Productive	96 36	96 51	93,79	62,03	41,41	39,24	44,28
CONTRIBUTION FOR PRODUCTIVE CAPITAL	12,50	12,50	(j) 16,67	(l) 6 62			
CONTRIBUTIONS	3,33	3 33	2,62	3 20	2 51	2 00	2,00
Total Expenditure	4,45,84	4,45,27	4,62 64	4 29,12	4 18,76	4,19,04	4,29,32
CLOSING BALANCE			21 47	6 86	12,02	16 76	16 11
GRAND TOTAL			4,84 11	4,35,98	1,30,78	4,35 80	1 45,43
Provincial Surplus (+) or Deficit (—)	—57 13	—57 13	—53 96	—14 61	5,16	4 74	—65

NB—For Notes see overleaf

Bengal Provincial Accounts, 1882—1887.

Notes explaining Bengal Provincial Account.

A The sum of 45 shown under Registration in the original scheme and Accounts for 1882-83, has been transferred to Land Revenue under which head these Receipts are now shown	
B Special grant for Undaunted	
C Grant for Cemeteries 8, Nizamut Buildings 5, River Bank 2 Total 15	
D The net deduction was 1,88, made up of 2 29, for Customs Establishments, reduced by 41, for extra pensions	
E Pay and house rent of Ophthalmic Surgeon, formerly a Military charge	
F See D	
G Road Cess Process Service fees are now collected by means of stamps as half is credited to Imperial a grant of a corresponding amount is made to Provincial The full addition has been made to the Assignment, but half of this in the Accounts comes under Stamps A corresponding addition has been made to the Expenditure side under Land Revenue where the expenditure falls	
H Reduced by refunds (2,89) of unclaimed Deposits, as such Deposits are now taken net in the Accounts	
I The grant for Cemeteries alone was given in this year (See C)	
J The full amount of reduction in the Customs Department (see D) was not realised this year	
K Census Charges	1,77
Dr Watt's remuneration for accompanying Munipore Expedition	18
	<hr/> 1,95
<i>Deduct—</i>	
Adjustment of Survey Charges (re adjusted next year)	
	<hr/> —7
	<hr/> 1 88
L Percentage of gross Record Room Fees, plus grant of 50, from Government of India	
M Special grant in this year to cover special expenditure on gratuities to Customs Department	
N Charges for Ophthalmic Surgeon (see E) for portion of year only	
O Includes also grant for portion of previous year	
P Re adjustment of Survey Charges (See K)	
Q The figures in this line in the actuals represent the Imperial grant (see G) In this year the grant was given for half of 1882-83 and whole of 1883-84	
R Exceeds actuals by Rs 35,87, which amount is added to both sides to get rid of the adjustment by transfer of the past expenditure on certain Railway lines to Productive Public Works Expenditure	
S Re transfer of Contribution for Productive Public Works to correct error	48
Grant to recon for Civil Furlough Allowances wrongly charged to Provincial	79
Grant to cover half debit on account of Port Canning Loan	1,18
Grant for Goompahar Road	4
Grant for Ancient Monuments	7
Did not refund of Indian Service Family Pension Fund receipts	<hr/> —6
	<hr/> 2,50
U Grant to recon for transfer of Calcutta and South Eastern State Railway to Imperial for three fourths of the year	
V Grant for Goompahar Road	
W The Kaunia Dhurka Railway Receipts and working expenses are separated off, as in former years	
X Grant for whole year (See U)	
Y Refunds other than those of Principal Heads of Revenue have been distributed over the various Service Heads the difference under them is thus accounted for	
Z Excluded from the original scheme because a Special Grant was given to meet it, it has been brought on both sides now, as it is included in the Accounts	
(a) Record Room charges transferred to Land Revenue from Registration, as on the Receipt side (See A)	
(b) 50 Added to the assignment on account of the new item of Road Process Service charges (See G)	
(c) Made over to Port Commissioners, so the provision of 1,76 on the Receipt side, and 1,75, on the Expenditure side, are both omitted	
(d) Includes 16, for Ophthalmic Surgeon (See E)	
(e) Reduced by 15 for the Meteorological contribution to Imperial, which was a new charge	
(f) The capital expenditure on the Calcutta and South Eastern Canal for which Capital and Revenue Accounts have been kept only since 1883-84 has been shown as "Capital" as otherwise no comparison of the figures would be possible The balance left under the head of Working Expenses is the actual figure of 1881-82	
(g) The extra expenditures for Customs gratuities occurred as shown though the grant was made in 1883-84	
(h) 8,78 in round numbers, has been transferred from Working Expenses to Capital on account of the Capital expenditure on the Calcutta and South-Eastern Canal for the reason given in Note (f)	
(j) Shown as Non Productive Public Works Expenditure in Accounts, but transferred here subsequently	
(k) The figure shown in the Accounts is	<hr/> —27 60
To which add (See B)	<hr/> 35,87
	<hr/> 8 27
which is distributed between—	
Capital Non Productive	1,65
Contribution	<hr/> 6,62
	<hr/> 8 27

In these years remuneration to copyists is taken under contract contingencies so that a comparison with the previous years figures is impossible

Assam Provincial Accounts, 1882-1887

APPENDIX VII

PROVINCIAL RECEIPTS AND EXPENDITURE DURING TERM OF CONTRACT—
ASSAM

[A B—The figures in this note represent thousands of Rupees—thus 24 47 means Rs24 47 000]

The following table contains an abstract of the Provincial Receipts and
Expenditure of Assam during the term of the
Contract —

General abstract

	RECEIPTS								EXPENDITURE						
	ASSIGNMENT		1892-93	1893-94	1894-95	1895-96 (Revised)	1896-97 (Budget)	+or—	ASSIGNMENT		1892-93	1893-94	1894-95	1895-96 (Revised)	1896-97 (Budget)
	Original	In last year							Original	In last year					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<i>Land Revenue—</i>															
Percentage	21 47	21 47	21 31	21 89	25 51	25 91	26 10	+4 39							
Recurring adjustments		58	12	1 17	1 18	58	58								
Non recurring adjustments					4										
Inter Provincial adjustments		3	—32	—29	—21	—37	—27	—1 61							
TOTAL	21 47	25 08	21 11	25 77	26 55	26 12	26 41	+2 78							
<i>Other Revenue Heads</i>	13 66	13 66	15 01	15 56	15 97	16 02	16 39	+10 61	8 71	8 82	8 76	8 82	9 02	9 20	9 71
<i>Civil Departments</i>	2 59	2 59	2 78	3 06	3 11	3 11	3 21	+2 32	19 43	19 91	19 72	21 62	22 38	21 57	22 61
<i>Miscellaneous</i>	35	35	31	34	30	33	33	—14	1 72	1 72	1 22	1 38	1 40	1 37	1 41
<i>Post Office</i>											1		1	1	
<i>State Railways—</i>															
Capital												1 06	4 88	2 71	
Net revenue or expenditure							1	+1					3	5	
<i>Subsidised Railways</i>													58	1 00	1 00
<i>Irrigation &c</i>															
<i>Civil Buildings and Roads</i>	20	20	16	10	5	6	6	—57	7 16	7 18	5 15	4 70	5 80	5 01	7 41
<i>Contributions</i>									3 16	3 16	6 12	7 77	5 99	3 47	6 01
TOTAL	41 27	41 88	42 37	44 83	45 98	45 64	46 41	+15 04	40 18	40 79	40 98	45 35	50 04	44 39	49 13
<i>Opening or Closing Balance</i>			10 40	11 79	11 27	7 21	8 46				11 79	11 27	7 21	8 46	5 31
GRAND TOTAL			52 77	56 62	57 25	52 85	54 87				52 77	56 62	57 25	52 85	54 44
Surplus(+) or deficit(—)									+1 09	+1 09	+1 39	—52	—4 06	+1 25	—3 11

A B—The +or— in columns 9 and 17 shows the increase or decrease in the receipts or expenditure of the five years (including the Revised Estimate for 1896-97), as compared with five times the average assignment

2 The assignment provided an annual surplus of 1,09 Against an assignment of 2,10,19 for the five years, the Province has collected an income of 2,25,23, or 15 04 in excess

Assam Provincial Accounts, 1882—1887

Against an estimated expenditure of 2,04,74, the actual outgoings have been 2,30,29, or 25,55 in excess. The receipts of the five years have fallen short of the expenditure by 5,06, to which extent the opening balance of 10,40 has been reduced. A further reduction of 2 lakhs has been made in 1886-87 by a special contribution to Imperial

3 The Land Revenue has increased steadily, the increase being nearly 4½ lakhs for the five years. Stamps have brought in 3,65 and Excise 5,87 above the assignment, in both cases the increase was more rapid in the first three years than in the last two. Forest receipts have increased by 1,03, but the expenditure has risen nearly as much. Registration receipts have been nearly stationary.

4 Under Civil Departments Police receipts have risen by 1,95, and Education by 57. The other heads of this group have been stationary.

5 In the Miscellaneous heads there has been no change worth mentioning, on the Receipt side.

6 The State Railway has been a small burden on the finances, but is expected to pay its way in future. Ordinary Public Works receipts have fallen slightly, through the transfer of Ferries to Local

7 The total annual receipts have exceeded the assignment as follows —

1882 83	1883 84	1884 85	1885 86	1886 87	Total
94	2,35	3,46	3,76	4,53	15,04

8 Land Revenue shows a slight increase of about ½ a lakh in the last year—probably due to the cost of the Cadastrial Survey. The small increase in Stamps (28) is due to discount on increased sales. In Forests the expenditure has risen (89) to keep pace with the receipts.

9 General Administration shows hardly any change. Under Law and Justice there has been no increase save in the last year, in which the increase of ½ a lakh is mainly under the head of Jails, under which there has been an over-estimate. There is a rise of 3,45 for the whole term under Police, due to increased expenditure on the Frontier Police. Marine shows an excess of 1,33, Education (in the higher branches, primary education is entirely local) has risen by ¼ of a lakh in the last year. Medical expenditure has steadily increased (1,48), being, in the last year, nearly ½ a lakh higher than the assignment. Minor departments have risen through the appointment of the Director of Agriculture.

10 The expenditure falling under the Miscellaneous heads shows a slight decrease.

11 State Railways have ceased to be a source of expenditure, but the subsidised Makum Railway will continue to cost the Province about a lakh of rupees yearly. On Railway construction 9 lakhs have been laid out for two short lines. The expenditure on ordinary Roads and Buildings can only be properly seen by

Assam Provincial Accounts, 1882—1887

adding together the sums shown under other Public Works and under Contributions, the latter being entirely given for local roads thus against an original estimate of 51,66, the expenditure of the five years has been 58,18, or an excess of 6,52

12 The annual total excess expenditure above the assignment has been—

1882 83	1883 84	1884 85	1885 86	1886 87	Total
64	3,97	8,60	3,60	8,74	25,55

The 2nd June 1886

Assam Provincial Accounts, 1882-1887

Provincial Receipts—Assam—1882-83 to 1886-87

	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87, (Budget)
	Original	In last year					
LAND REVENUE— Percentage	21.13	21.13	21.29	21.87	25.52	25.89	26.08
Record Room Receipts	4	4	2	2	2	2	2
Recurring Adjustments— Survey charges		+12	+12	+12	+12	+12	+12
Frontier Police		+1.05		+1.05	+1.05	+1.05	+1.05
Forest Department Public Works		+1			+1	+1	+1
Marine charges		—60				—60	—60
Non recurring Adjustments					+1		—2.00(a)
Inter Provincial Adjustments		+3 (b)	—32	—20	—21	—37	—27
Total Land Revenue	21.47	25.08	24.11	25.77	26.55	26.12	24.41
STAMPS	3.07	3.07	3.58	3.71	3.87	3.90	3.94
EXCISE	9.60	9.60	10.05	10.62	11.05	11.00	11.15
PROVINCIAL RATES	(c)	(c)					
FOREST	85	85	1.21	1.06	90	95	1.13
REGISTRATION	14 (d)	14 (d)	14	14	15	17	17
Total other Principal Revenue Heads	13.66	13.66	15.01	15.56	15.97	16.02	16.39
LAW AND JUSTICE— COURTS	1.10	1.10	86	80	78	75	71
JAILS	51	51	71	73	85	71	86
POLICE	66	66	88	1.02	1.03	1.16	1.16
MARINE	2	2	1	15	5	5	1
EDUCATION	25	25	31	35	38	39	39
MEDICAL	2	2	1	1	1	1	1
SCIENTIFIC					1	1	1
Total Civil Departments	2.59	2.59	2.78	3.06	3.11	3.11	3.21
INTEREST	1	1	1		1	1	1
SUPERANNUATION	1	1	1	1	1	5	3
STATIONERY, &c	2	2	2	3	3	3	4
MISCELLANEOUS	31	31	27	30	25	21	25
Total Miscellaneous	35	35	31	34	30	33	33
STATE RAILWAYS					4	35	86
CIVIL BUILDINGS AND ROADS	20	20	16	10	5	6	6
Total Receipts	41.27	41.88	42.37	44.83	46.02	45.99	45.26
OPENING BALANCE			10.40	11.79	11.27	7.21	8.16
GRAND TOTAL			52.77	56.62	57.29	53.20	53.72

N B —For Notes see overleaf

Assam Provincial Accounts, 1882-1887

Provincial Expenditure—Assam—1882-83 to 1886-87

	ASSIGNMENT		1882 83	1883-84	1884 85	1885 86 (Revised)	1886 87, (Budget)
	Original	In last year					
REFUNDS	9 (e)	9 (e)	14	9	8	10	15
LAND REVENUE	7,56 (f)	7,68 (l)	7,50	7,45	7,62	7,78	8,24
STAMPS	12	12	14	18	20	18	18
EXCISE	5	5	4	3	1	4	4
PROVINCIAL RATES							
FOREST	80	79 (m)	86	99	98	1,00	1,03
REGISTRATION	9 (g)	9 (g)	8	8	10	10	11
Total Principal Revenue Heads	8,71	8 82	8,76	8,82	9,02	9,20	9,75
POST OFFICE			1		1	1	1
GENERAL ADMINISTRATION	1,90	1,90	1,83	2,14	1,88	1,88	1,96
LAW AND JUSTICE—							
COURTS	5,29 (k)	5,29	5,12	5,16	5,20	5,05	5,54
JAILS	1,00 (h)	1,03 (n)	1,06	1,13	1,12	1,05	1,30
POLICE	7,60 (v)	8,65 (p)	7,69	9,00	9,68	9,55	9,74
MARINE	91	31 (g)	1,09	1,03	1,32	78	46
EDUCATION	1,62	1,62	1,59	1,61	1,64	1,68	1,88
MEDICAL	1,01	1,01	1,20	1,27	1,28	1,33	1,45
SCIENTIFIC, &c	10	10	14	28	21	25	27
Total Civil Departments	19,43	19,91	19,72	21,62	22,33	21,57	22,60
SUPERANNUATIONS	55	55	51	49	52	55	60
STATIONERY, &c	52	52	52	69	72	63	68
MISCELLANEOUS	65 (j)	65 (j)	19	20	16	19	19
Total Miscellaneous	1,72	1,72	1,22	1,38	1,40	1,37	1,47
RAILWAY CONSTRUCTION				1,06	4,88	2,71	48
STATE RAILWAYS					7	40	85
SUBSIDISED RAILWAYS					58	1,00	1,05
IRRIGATION AND NAVIGATION							
CIVIL BUILDINGS AND ROADS	7,16 (l)	7,18 (r)	5,15	4,70	5,80	5,01	7,48
Total Public Works	7,16	7,18	5,15	5,76	11,33	9,12	9,86
CONTRIBUTIONS (net)	3,16	3,16	6,12	7,77	5,99	3,47	6,69
Total Expenditure	40,18	40,79	40,98	45,35	50,08	41,74	50,38
CLOSING BALANCE			11,79	11,27	7,21	8,46	3,34
GRAND TOTAL	..		52,77	56,62	57,29	53,20	53,72
Surplus (+) or Deficit (—)	+ 1,09	+1,09	+1,39	—5,22	—4,08	+1,25	—5,12

N.B.—For Notes see overleaf

Assam Provincial Accounts, 1882-1887

Notes explaining Assam Provincial Account

- (a) Special contribution to Imperial, not taken account of in the Abstract
 (b) Addition on account of Jail supplies formerly obtained from Bengal a corresponding addition is made on the expenditure side under Law and Justice
 (c) The figure given in the original assignment here is 3,35, subsequently, however these rates have been shown under Local, the credit is therefore omitted here, and a reduction made under Civil Buildings (Expenditure) corresponding to the net amount of Provincial Rates, i.e., 3,35-6=3,29
 (d) The original figure was 18, but 4 being on account of Record room Receipts has been taken to Land Revenue

(e) Original figure	37	
Dednet Refunds of—		
Law and Justice	18	
Police	1	
Miscellaneous	4	
Other Public Works	5	23
		<hr/>
		0

The amounts deducted have been carried to the service heads as they are now shown under those heads in the accounts

- (f) Original figure 7,53 the figure here includes 3, Record room charges since transferred to this head
 (g) The difference (—3) is on account of Record room charges taken to Land Revenue, see note (f)
 (h) Original figure 6 11, to which 18 are added for refunds, see note (e)
 (i) Original figure 7,59, add 1 for refunds, see note (e)
 (j) 4 added to Miscellaneous on account of refunds, see note (e)
 (i) Original figure 10 40
 Figure now given 7,16

Difference —3 21

Made up of deduction on account of Provincial Rates, see note (c)—3,29
 Added for Refunds, see note (e)

+ 5

 —3,24

- (l) Additional grant for Survey charges (see corresponding addition under recurring adjustments on Receipt side)
 (m) 1 deducted on account of Forest Public Works made Provincial and transferred to the Head of Public Works to which 2 has accordingly been added The difference 2—1 is made up by the additional grant on the Receipt side under Land Revenue
 (n) 3 added for Jail supplies see note (b)
 (p) 1,05 added for Frontier Police (see additional grant under Land Revenue)
 (q) The original grant (60) was subsequently withdrawn (see deduction of 60 from Land Revenue on Receipt side)
 (r) Addition of 2 for Forest Works, see note (m)

Lower Burma Provincial Accounts, 1882-1887

APPENDIX VIII

PROVINCIAL RECEIPTS AND EXPENDITURE DURING TERM OF CONTRACT—
LOWER BURMA.

[N.B.—The figures in this Note represent thousands of Rupees—thus 11.40 means Rs 11 40 000.]

The following is an abstract account of the provincial Revenue and Expenditure of Lower Burma during the term of the existing Contract —

General abstract

	RECEIPTS								EXPENDITURE							
	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or -	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)	+ or -
	Original	In last year							Original	In last year						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Land Revenue—																
Fisheries (a)	11 40	11 40	11 69	11 26	11 13	10 52	11 01	-1 39								
Percentage	33 69	33 69	30 90	39 25	33 81	33 31	31 17	+2 99								
Recurring adjustments		-1 47	-86	-1 10	-91	-1 47	-1 47									
Non recurring adjustments				+1 50	+49	+1 01	+25									
Special grant from Imperial				+4 17	+6 66	+2 30		+13 13								
Inter provincial adjustments			-39	-9	-20	-26	-23	-1 17								
TOTAL	45 09	43 62	41 34	51 99	50 95	45 44	43 73	+13 56								
Other Revenue Heads	42 05	42 05	47 18	43 78	37 28	41 41	41 47	+89	21 38	20 44	20 50	21 29	21 37	20 33	20 36	+1 72
Civil Departments	8 60	8 60	7 60	6 23	6 55	7 21	7 29	-8 13	41 01	43 48	49 80	50 97	50 43	49 37	51 01	+32 61
Miscellaneous	35	35	39	41	28	31	30	-7	3 55	3 55	4 27	3 71	3 84	3 74	3 98	+1 79
Post Office									22	22	39	46	53	60	61	+1 49
State Railways—																
Net Revenue or Expenditure	81	81						-4 05			92	1 97	1 70	4 37	2 43	+11 39
Capital expenditure													23			+23
Irrigation (net)									3 43	3 43	8 70	5 46	6 49	3 12	2 79	+9 41
Civil Buildings and Roads	1 10	1 10	57	48	69	48	46	-2 81	32 87	32 87	(b) 31 20	29 19	20 25	13 53	12 09	-61 38
Contributions					12	21	6	+39			23	4				+27
TOTAL	98 00	96 53	97 08	1 05 89	95 87	95 06	93 31	-22	1 05 46	1 03 99	1 16 01	1 13 09	1 04 81	95 06	93 30	-2 47
Opening or closing balance			35 10	16 17	8 97	Nil	Nil				16 17	8 97	Nil	Nil	1	
GRAND TOTAL			1 32 18	1 22 06	1 04 84	95 06	93 31				1 32 18	1 22 06	1 04 81	95 06	93 31	
Surplus (+) or deficit (-)	-7 46	-7 46	-18 93	-7 20	-8 97	Nil	+1									

N.B.—The + or - in columns 9 and 17 shows the increase or decrease in the total receipts or expenditure of the five years (including the Revised Estimate for 1885-86 and the Budget Estimate of 1886-87) as compared with five times the Average Assignment.

2 The total Revenue of the five years, including special grants amounting to 13,13, has been 4,87,21 against an assignment of 4,87,43, and the expenditure has been 5,22,30 against an assignment of 5,21,77

(a) Wholly Provincial

(b) Includes 3 on account of Military Works

Lower Burma Provincial Accounts, 1882—1887

3. The original Contract provided for an annual reduction of the percentage of Land Revenue, Export Duties, and Salt, on the assumption that the revenues of the Province would continue to progress at nearly the same rate as they had done in previous years. This part of the Contract was, however, abandoned, and the percentage has remained throughout at the same rate as was fixed for the first year. The above abstract shows that even after this modification, and with additional assistance from the Government of India to the extent of above 13 lakhs, it is estimated that the Province will close the Contract with the nominal balance of one thousand rupees, although it began with a balance of more than 35 lakhs.

Reduction of Balance

4. The Revenues excluding the special grants have, on the whole, decreased, as compared with the assignment, the fall is mainly under Civil Departments and Public Works.

Decrease of Revenue

5. Land Revenue has fluctuated considerably, chiefly owing to earlier or later realisations, but has on the whole risen slightly (1,60).

Land Revenue

6. Under the other principal Revenue heads there have also been considerable fluctuations, and this has been especially the case with the Customs and Forest Revenue, the Customs Revenue, consisting chiefly of the Provincial share of the Export Duty, which was taken in the assignment at about 15½ lakhs, has varied from less than 12 to more than 18½ lakhs, it has over the whole term of the Contract produced 2 lakhs less than the assignment figure would have given, and for the last year it stands at 18 less than that figure. Forest Revenue, taken at 10½ lakhs, has varied from less than 8½ to more than 12½ lakhs, the net Revenue produced has, however, been about a lakh in excess of the assignment, but the last three years it has fallen very low, and in the last year the estimate is about 1¼ lakhs below the assignment.

Principal Heads of Revenue—Receipts

The Revenue under Stamps has risen, and is estimated this year to be about a lakh above the assignment. On the whole the "other Revenue" heads have produced an amount slightly (89) in excess of the amount taken in the assignment, but this was due to the favourable outturn of the first two years, the income of the last three being considerably below the assignment.

7. Under Civil Departments, the most noticeable decrease as compared with the original assignment is under Police, this is due to the Local Government having given up the contributions paid for Police supplied to Municipalities and Cantonments. This alone resulted in a loss of about 1½ lakhs to Provincial Revenues. The only charges of which the Provincial Funds were relieved to compensate for this, as far as can be gathered from the accounts, were those on account of Vaccination to the amount of only Rs. 9,000. Under Law and Justice the receipts from Jail manufactures fell off, but other receipts have increased. The receipts under Marine have also risen.

Civil Departments—Receipts

8. Under Civil Buildings and Roads there has been a fall compared with the assignment, which appears to have included some special item of an exceptional character.

Civil Buildings, &c.—Receipts

9. The State Railways from the first year of the contract ceased to produce any net Revenue. This was not owing to any falling off in the gross receipts of the working line, but was entirely due to the increasing charge for interest on account of the

State Railways—Net charges

Lower Burma Provincial Accounts, 1882-1887

new line, which was under construction at the commencement of the Contract. The net Revenue after deducting working expenses only and the interest charge are shown below —

	Assign ment	1882 83	1883-84	1884 85	1885 86	1886 87.
Gross Revenue	15,30	15,87	16,77	21,66	23,70	26,00
Working expenses	8,90	9,88	10,21	13,45	17,35	17,50
Net Revenue	6,40	5,99	6,56	8,21	6,35	8,50
Interest	5,59	6,91	8,53	9,91	10,72	10,93
Net Receipts (+) or charges (-)	+81	-92	-1,97	-1,70	-4,37	-2,43

The result has been that the Province has had to pay 11,39 for its Railways or about $2\frac{1}{2}$ lakhs a year, while the net charge in the last year is nearly $2\frac{1}{2}$ lakhs. This, however, is likely to improve in the future, as the interest charge should not rise materially, while the Revenue may be expected to increase. The working expenses bear a high proportion to the Revenue.

10 As regards Expenditure, it must be noted that the assignment showed a deficit of $7\frac{1}{2}$ lakhs, or allowing for the withdrawal of the contribution for Municipal and Cantonment Police of nearly 9 lakhs, the expenditure has, however, in every year exceeded the assignment figure, after allowing for the reduction of the Customs Establishment, and, in the last two years, for the return of the Steamer *Irrawaddy* to Imperial.

11 Under Revenue Heads the figure for the last year is very nearly the same as that for the Assignment, but there has been a material increase under some heads. Under Land Revenue the collection charges have necessarily varied with the fluctuations on the receipt side, the other charges rose in 1883-84 and 1884-85, but fell to nearly the contract figure in the last two years, here again, however, there have been variations in detail as shown below —

	Assign ment	1882 83	1883 84	1884 85	1885 86	1886 87
Deputy Commissioner's Charges and District Establishment	6,55	6,56	6,95	7,37	7,42	7,52
Survey and Settlement Charges	2,46	2,85	3,18	2,88	2,09	1,75
TOTAL	9,01	9,41	10,13	10,25	9,51	9,27

The increase in the District Charges is chiefly due to the creation of the Pegu District, to increases in the number of Extra Assistant Commissioners and Myooks, and to higher charges for office establishments and contingencies.

12 Under Civil Departments expenditure has risen largely, chiefly under General Administration, Law and Justice, Police, Education, and Scientific, &c, Departments.

13. Under General Administration the increase is partly apparent only, as the assignment figure was evidently an underestimate, the increase, as far as it is real, has occurred both in the Secretariat establishment and in that of Commissioners.

Lower Burma Provincial Accounts, 1882—1887

14 Under Law and Justice there have been increases under most heads, the principal increases are due to the appointment of an additional Recorder, and two Government Prosecutors, to the office of Civil and Sessions Judge being held by an officer with higher salary, to increased establishment in the Courts of Small Causes, to the improvement of the position and the increase in the number of Extra Assistant Commissioners and Myooks, and to a large increase in the establishment and contingent charges of the Criminal Courts. The charge for Jails has increased but slightly, but the permanent charges for Central and District Jails have risen considerably, while the charges for Jail manufactures (which are in a sense remunerative) have fallen. The figures under these three minor heads have been—

	Assignment	1882-83	1883-84	1884-85	1885-86	1886-87	Increase (+) or Decrease (—) for whole term
Central Jails	1,87	2,00	2,22	2,67	2,47	2,68	+ 2,69
District Jails	1,28	1,09	1,39	1,84	1,75	1,81	+ 1,48
Jail manufactures	2,37	2,36	62	94	1,27	1,10	—5,56

15 Under Police the increased charge has been very great, the Municipal Police has been amalgamated with the District Force, and the figures for the two heads taken together compare as follows with the assignment —

Assignment	1882-83	1883-84	1884-85	1885-86	1886-87	Increase for whole term
16,60	18,44	19,67	19,06	18,38	19,50	+ 12,05

The increase arises from the augmentation and revision of the pay of the Police Force, from the increase in the number of graded Superintendents, from a largely increased charge for arms and accoutrements and other contingent charges of the force, including construction and repairs of barracks, &c, and from some charges, such as house allowances to sub-divisional officers, which were formerly paid direct by municipalities without passing through the Government accounts. The details of the figures given above up to 1884-85, are as follows —

	Assignment	1882-83	1883-84	1884-85
Superintendence	1,41	1,51	2,06	1,96
Police Force	13,12	13,54	13,93	13,80
Establishment	2	2	2	9
Clothing	82	82	90	85
Arms and Accoutrements	12	56	12	21
Petty Construction and Repairs	31	89	86	} 2,15
Other Contingent Charges	80	1,10	1,78	
TOTAL	16,60	18,44	19,67	19,06

16 Under Education there have been many changes owing to the Local Self-Government scheme, but the net result has been an increase of more than a lakh in the last year to the Provincial charges. Some part of the cost of Government schools

Lower Burma Provincial Accounts, 1882-1887

has apparently been made a charge against Local or Municipal Funds, but a still larger contribution has been paid to Municipalities, the charge for Inspection (which before was paid in nearly equal portions by Provincial and Local Funds) has been made entirely Provincial, and the grants-in-aid, which were at first reduced, have risen again to about the same figure as before

17 Under Scientific and Minor Departments there has been an increase of Scientific, &c, Departments— charge due to the creation of an Agricultural Department, and to increased expenditure on Model Farms and the Veterinary Class In 1882-83 and 1883-84 there was large expenditure (a) under this head on account of emigration

18 Under Miscellaneous heads there has been a rise Superannuation charges have risen by two lakhs for the whole term, including a specially large charge in 1882-83 on account of gratuities to the Customs establishment on its reduction Stationery charges have also risen steadily, and have exceeded the assignment by 1,18 The expenditure on Irrigation has fluctuated considerably, but has on the whole exceeded the assignment by nearly 9½ lakhs During the last two years it is estimated at figures slightly below the assignment

19 The expenditure on Civil Buildings, &c, has gradually fallen, in the first two years it kept nearly to the amount shown in the assignment, but during the last three years it has been restricted to the amount which could be made available after satisfying all other charges, and for 1886-87 it falls as low as 12 lakhs It must, however, be remembered that the expenditure on Civil Buildings, &c, in this Province rose with a bound in 1881-82, and that the high expenditure of 1881-82, 1882-83, and 1883-84 by no means represents the normal expenditure. The following figures show the expenditure on Civil Buildings, &c, since the commencement of the Provincial Service Scheme in 1871-72 —

		Provincial	Local	TOTAL		
		1871-72	10,57	1,21	11,78	
		1872-73	12,99	77	13,76	
		1873-74	14,18	76	15,24	
		1874-75	15,05	94	15,99	
		1875-76	14,41	1,09	15,50	
		1876-77	10,51	2,61	13,45	
		1877-78	9,23	3,04	12,27	
Average for 1st contract of Provincial alone	4 {	66,00	1878-79	11,68	1,13	13,11
		16,50	1879-80	10,21	1,63	11,84
			1880-81	16,96	2,20	19,16
			1881-82	27,15	6,51	33,69
Average for existing contract of Provincial alone	5 {	106,23	1882-83	31,17	7,11	38,23
		21,25	1883-81	29,19	6,02	35,21
			1884-85	20,25	4,89	25,14
			1885-86	13,53	3,80	17,33
			1886-87	12,09	4,00	16,09

Even in these last two years, therefore, the expenditure (from Provincial and Local together) has been higher than in any year previous to 1880-81, and the average yearly Provincial expenditure during the present term is 4¼ lakhs in excess of that during the previous contract

The 28th May 1886.

(a) 1882-83—1,71, 1883-84—1,33, 1884-85—3, 1885-86 Nil and 1886-87 Nil

Lower Burma Provincial Accounts, 1882-1887

Provincial Receipts—Lower Burma—1882-83 to 1886-87

	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87, (Budget)
	Original	In last year					
LAND REVENUE—							
Fisheries	11,40	11,40	11,69	11,26	11,13	10,52	11,01
Percentage	33,69	33,69	30,90	39,25	33,81	33,31	34,17
Recurring Adjustments—							
Survey and Registration Department grant		16		.	16	16	16
Extra Preventive Customs		2			2	2	2
Savings in Customs establishment		-1,12	-86	-1,10	-1,12	-1,12	-1,12
Transfer of Irrawaddy Steamer	...	-53				-53	-53
Non recurring Adjustments—							
Taxoy Bridle Path				1 50	50	1 04	25
Special grant				4,17	6,66	2,30	
Refund of Superannuation		-1		
Inter Provincial Adjustments			-39	-9	-20	-26	-23
Total Land Revenue	45,09	43,62	41,31	54,90	50,95	45,44	43,73
SALT	77	77	51	68	87	58	85
STAMPS	4,05	4 05	4,13	4,17	4,90	4,97	5 00
EXCISE	10,80	10 80	11,27	11,08	11,09	10,77	11 03
CUSTOMS	15 58	15,58	18 63	11,90	11 95	15 07	15 40
FOREST	10,77	10,77	12,62	12,55	8 35	9,89	9,00
REGISTRATION	8	8	9	10	12	13	14
Total other Principal Revenue Heads	42,05	42,05	47,18	43,78	37,28	41,41	41,47
LAW AND JUSTICE { COURTS	2,07	2 07	1,81	2,13	2,48	2,55	2,59
JAILS	2 55	2,55	3,10	1,11	1,17	1,81	1,85
POLICE	1,59	1,59	4	15	11	13	11
MARINE	1,83	1,83	2,12	2 05	1,86	2 17	2,16
EDUCATION	40	40	41	36	49	11	41
MEDICAL	13	13	9	7	9	9	9
SCIENTIFIC, &c	3	3	3	3	2	2	2
Total Civil Departments	8,60	8,60	7,60	6,23	6,55	7,21	7,29
SUPERANNUATION	5	5	3	4	2	2	3
STATIONERY	5	5	6	5	3	4	1
MISCELLANEOUS	25	25	30	32	23	25	23
Total Miscellaneous	35	35	39	41	28	31	30
STATE RAILWAYS	15,30	15,30	15,87	16,77	21,66	23,70	26,00
IRRIGATION	28	28	43	40	33	10	31
CIVIL BUILDINGS AND ROADS	1,10	1,10	57	48	69	48	16
Total Public Works	16,68	16,68	16,87	17,65	22,68	24,58	26,77
CONTRIBUTIONS	..		1		17	31	12
Total Receipts	1,12,77	1,11,30	1,13,39	1,23,06	1,17,91	1,19,26	1,19,68
OPENING BALANCE			35,10	16,17	8,97	Nil	Nil
GRAND TOTAL			1,48,49	1,39,23	1,26,88	1,19,26	1,19,68

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Provincial Expenditure—Lower Burma—1882-83 to 1886-87

	ASSIGNMENT		1882-83	1883-84	1884-85	1885-86 (Revised)	1886-87 (Budget)
	Original	In last year					
REFUNDS	43	43	71	48	50	57	52
LAND REVENUE	11,54	11,70	11,48	12,76	12,82	11,83	11,67
SALT	4	4	3	2	3	3	3
STAMPS	13	13	10	11	11	11	12
EXCISE	6	6	8	7	9	22	26
PROVINCIAL RATTS							
CUSTOMS	2,62	1,52	1,96	1,72	1,70	1,73	1,73
FOREST	6,50	6,50	6,09	6,08	6,06	5,77	5,95
REGISTRATION	6	6	5	5	6	7	8
Total Principal Revenue Heads	21,38	20,44	20,50	21,29	21,37	20,33	20,36
Post Office	22	22	39	46	53	60	61
GENERAL ADMINISTRATION	3,13	3,43	3,72	3,95	3,83	3,86	3,87
LAW AND JUSTICE { COURTS	9,21	9,21	9,92	10,52	10,99	11,00	11,51
{ JAILS	5,98	5,98	5,87	4,68	5,98	6,07	6,15
POLICE	16,97	16,97	18,96	20,20	19,68	19,22	19,93
MARINE	3,16	2,63	4,04	4,08	3,31	2,60	2,76
EDUCATION	2,61	2,61	2,73	3,12	3,63	3,60	3,71
MEDICAL	2,13	2,13	1,78	2,02	2,08	2,18	2,21
POLITICAL			5	3	2	3	3
SCIENTIFIC, &c	49	49	2,73	2,37	91	81	87
Total Civil Departments	44,01	43,48	49,80	50,97	50,43	49,37	51,04
SUPERANNUATION	1,41	1,41	2,25	1,73	1,73	1,70	1,79
STATIONERY	1,54	1,54	1,69	1,71	1,73	1,80	1,95
MISCELLANEOUS	57	57	33	27	38	24	24
Total Miscellaneous	3,55	3,55	4,27	3,71	3,84	3,74	3,98
STATE RAILWAYS— Working Expenses	8,90	8,90	9,88	10,21	13,45	17,35	17,50
Interest	5,59	5,59	6,91	8,53	9,91	10,72	10,93
Capital					23		
IRRIGATION &c	3,71	3,71	9,13	5,86	6,82	3,52	3,10
MILITARY WORKS			3				
CIVIL BUILDINGS AND ROADS	32,87	32,87	31,17	29,19	20,25	13,53	12,09
Total Public Works	51,07	51,07	57,12	53,79	50,66	45,12	43,62
CONTRIBUTIONS			24	4	5	10	6
Total Expenditure	1,20,23	1,18,76	1,32,32	1,30,26	1,26,88	1,19,26	1,19,67
CLOSING BALANCE			16,17	8,97	Nil	Nil	1
GRAND TOTAL			1,48,49	1,39,23	1,26,88	1,19,26	1,19,68
Deficit	-7 16	-7,46	-18 93	-7,20	-8,97		



SIR CHARLES WINGFIELD

CHAPTER X

SIR C WINGFIELD
24th Feb 1871Decentralization of
financesThe measure is
good but it does not
go far enough the
Local Governments
should further, be
allowed control over
their receiptsGreat danger to
India will result,
should the Govern-
ment of India uncon-
promisingly persevere
in its course of im-
posing increased taxa-
tion by its own dis-
cretionary will. In
England, local taxa-
tion meant self taxa-
tion, but in India the
additional taxes would
be levied under Acts of
Legislative Councils
in which the natives
were not represented
at all. Already seri-
ous discontent and
irritation had been
aroused by attempts
to raise new cesses
and impostsHeavy taxes levied
from a poor people
only further impover-
ish them, and every-
where the people grow
less disposed to sub-
mit, without murmur,
to taxation which
they regarded as
oppressive, or as a
breach of faith

The hon'ble gentleman (Mr Grant Duff) had read extracts from an order of the Government of India, announcing a scheme of Decentralization of the Finances. He (Sir Charles Wingfield) had examined that Scheme, and it seemed to him good as far as it went, but it did not go very far. The Government of India relinquished all control over the distribution of the sum it assigned to each Provincial Government from the Imperial Funds for the support of certain specified establishments and works, the local Governments would submit their estimates for these Services as before, but they would be able, within the limits of the assignment, to transfer funds from one Head of Account to another, whereas formerly they had to obtain the sanction of the Government of India. Practically, no doubt, this sanction was little more than a form. On the other hand, the Government of India relieved itself of an immediate charge of £350,000, by reducing the aggregate Grants of 1870-71 by that amount, and of all prospective charges beyond the reduced sum now granted, and as these charges related to the very objects in which increased outlay was sure to be called for—namely, Education, Gaols, Local Roads, &c—the Government of India merely abandoned an authority it found troublesome to exercise. The balance of advantage was clearly on the side of the Government of India. What the Local Governments and what Indian Reformers in this Country asked for was, that, after defraying the cost of their Civil Establishments, and having contributed *pro rata* to the Imperial Expenditure—that was, Debt, Army, Diplomacy, &c—they might be allowed to spend the balance of their Revenues as they thought best. In short, they asked for some control over their receipts, what they got was control over certain allotted items of Expenditure. He thought, therefore, that this Scheme had no pretension to be styled Decentralization of the Finances. He came now to the most important subject of all. He was not conscious of exaggeration when he said he apprehended great danger to the security of our Empire in India if the course on which the Government of India appeared to have entered, of imposing increased taxation by its own discretionary will, be, uncompromisingly, persevered in. He might meet with the usual fate of those who declined to prophesy smooth things, but he might claim, without egotism, to know something of the feelings and ideas of the people of India, and, entertaining the strong convictions he did on the subject, he was bound not to remain silent. The Government of India, as the Scheme to which he had just referred showed, had avowed its intention of restricting its Grants from the General Revenues for Provincial Purposes, and of requiring the Local Governments to raise the additional funds they needed by Local Taxation. Now, Local Taxation in England meant Self-taxation, but that was not what it meant in India—there was no Self-government in India. There the additional taxes would be levied under Acts of Legislative Councils in which the Natives were not represented at all. Already, serious discontent and irritation had been aroused by attempts to raise new Cesses and Imposts. He had seen a Memorial from natives of the Madras Presidency, complaining of a Bill that had been brought into the Legislative Council to raise funds for local purposes—sanitation being one—by a variety of new taxes, one of them a Tax on Marriage. The Memorialists urged that religious observances and social customs were not fit objects of taxation. It appeared to him to be no defence of such a Tax to plead, as had been pleaded by the Government, that it had been levied by Native Rulers. Why, they could find justification for any enormity in the example of Native Rulers, but, if they could do nothing better than reproduce the native model of government, he did not see what business they had to be in India at all. Despots for despots, the people of India might say, give us our countrymen. Again, after the 30 years' settlement had been concluded, a Road Cess had been imposed by an Act of the Legislature, and in Oudh, where Cesses for Education had been provided, it was now sought to double the amount. That he regarded as a departure from engagements on the part of the Government. He was aware of the argument on which those impositions were defended—namely, that promises of the Executive Government could be overridden by Acts of the Legislature. That argument would be of more force if the people were represented in the Legislature, but, composed as the Legislative Council was, of Members of the Executive Government and Government nominees, mostly servants of the Government, the Government, in accomplishing its objects through such a Legislative Body, made itself judge in its own cause. It was well observed by a Member of Council, in the papers on Education recently presented to Parliament, that "We have no standing ground in India save brute force if we forfeit our character for truth." He (Sir Charles Wingfield) therefore held, strongly, that if they sought to impose additional Taxation for Local Purposes, they could only do so safely with the co-operation of the people. To that end, Councils should be established at the seat of each Provincial Government, composed mainly of leading members of the landed and commercial interests. The representative element should enter into their constitution, and, without their concurrence, no new taxes should be imposed. No one could fail to perceive that there was a great and growing demand among the upper and educated classes, who were the leaders of native opinion, for some voice in the management of their affairs, especially in the matter of raising and spending new taxes. It was useless to attempt to wring more money out of a poor people—they only further impoverished them—they must trust to time, and the effects of works of public utility, to enrich the Country, and, in the meantime, they held the great source of increased income in the future, they share in the rental of land. The Hon'ble gentleman (Mr Grant Duff) remarked, last session, that representative institutions were not yet suited for India. He (Sir Charles Wingfield) did not seek to transplant the British Constitution there, but there was surely a middle course between full-blown representative Government, and altogether refusing to consult the people on

the matter nearest and dearest to all people, the raising and spending the Revenues they had to contribute. They must, moreover, bear in mind that there was in India an active and widely-diffused free press, English and Native, and that there were facilities for higher education, of which the people eagerly availed themselves. Thousands now read with interest in the newspapers the reports of the debates on Indian subjects in that House, and of the political events happening in Europe, and every year, as knowledge and enlightenment spread, the people grew less disposed to submit without murmur to taxation which they regarded as oppressive and unjust, or as a breach of promise on the part of the Government. If their complaints and remonstrances were unheeded, the sense of wrong would rankle in their breasts, to find vent, some day—not in insurrection, for the power of the British Government was felt to be overwhelming, but in passive resistance to taxation, a form of opposition which would be far more embarrassing to the Government, for they could not issue coercive processes against a Nation of 150,000,000.

CHAPTER X
SIR C WILSON
24th February 1871

MR C B DENISON (1871)

While hoping that the Scheme of Financial Decentralization, which had been submitted to the House in the form of a despatch, would be successful, he feared it would involve an addition to Local Taxation of burdens which it was found inexpedient to couple with Imperial Taxation.

MR C B DENISON
24th February 1871
Financial decentralization

THE MARQUIS OF SALISBURY (1871)

The general principle of Indian finance required consideration, and he doubted whether this could be effected by the agency of the Governor General. Our progress in the management of Indian finance had hitherto been in the European direction, and he doubted whether, in that course, we had not taken a radically false view. The English idea of finance was that, every year, the Chancellor of the Exchequer put something in the crucible and moulded it anew, raising or diminishing taxes according to the wants of the moment, and the Budget was not merely a necessary incident, but a social excitement. What, however, might be a pleasant excitement for us, was, in India, a very dangerous interference with the peace of the Natives. He believed the ideal of finance of Asiatics was that of repose. The first thing was to settle the amount which could be raised without interfering with the traditions, or departing from the habits of the Nation, let this be permanent, and let the expenditure be adjusted to it. Here it was a constitutional principle for the Estimates to precede the Ways and Means, but all experience of India indicated in opposite course—Ways and Means being a comparatively-speaking permanent arrangement, and the expenditure being forced to fit itself thereto. To the Native everything new was, *prima facie*, unjust, and scarcely any expenditure, however wise, would justify the great evil of exciting him to compare his present state with his past, and to make a grievance of financial alterations. It was for the Home Government to consider whether the excitement of annual Budgets and new taxes should not be withdrawn from the mass of political dangers with which we had to contend—the more so because, unfortunately, the Opium Revenue, one-sixth of the whole receipts, was so variable that the Finance Minister could not tell, within 25 per cent, whether it would rise or fall. So shifting an item made it necessary that, in its other features, it should have an aspect of stability and repose. Again, it had long been felt by the Local Authorities that their Expenditure was supervised by the Central Government in a manner which trenchanted on their independence, and increased the difficulty of administration. The Local Governments had strongly protested for greater Financial Decentralization, and the hesitating steps already taken in this direction, by which some accidental sources of revenue had been handed over to them to deal with as they pleased, would not settle the question. It was difficult to resist the impression that the mechanism of the Government of India was so new, and the Territory over which it extended so vast, that its personal character was almost entirely lost—the enormous machine being too powerful for the Viceroy, however able, to move with his single will, and the ideal of paternal Government degenerating into a Bureaucracy. There was a great tendency in the lower offices where expenditure was incurred to exceed the Estimates, and, without reflecting on the able persons who managed it, there was consequently a general belief that the expenditure did not produce anything like the results which one had a right to expect. He believed that in the Department of Public Works, that impression especially prevailed. He had been asked by these gentlemen to move for the appointment of a Royal Commission. But he could not comply with that request. Indeed, he should regard it as a very great misfortune if any Member of the Opposition should adopt that course. In matters connected with India, it was of the utmost importance that not a shred of party politics should be allowed to interfere, and, therefore, it certainly was not his intention to make any such motion. But he most earnestly recommended the subject to the attention of the Noble Duke (the Duke of Argyll). He might not wish to set upon it, at once, but he believed it would be found that, independent of this Memorial, the subject did require careful investigation with a view to remove the scandal of perpetual falsification of Estimates and expectations, and also to diminish the undoubted discontent among the class, at least, of English residents in India in consequence of the frequent changes of taxation, and the very serious doubts which, he believed, were entertained whether the Revenue equalled the Expenditure incurred. He trusted the noble Duke would not think that, in bringing this matter forward, he was actuated, in the slightest degree, by any hostile feeling, for he had the greatest confidence in the Noble Duke since he took charge of the Government of India. He only desired earnestly to impress on him the importance of giving to it a careful consideration.

MARQUIS OF
SALISBURY
11th May 1871

In England the income is adjusted to the expenditure. In India the people want repose, the amount of taxes should be comparatively permanent, and the expenditure should be adjusted to it. The Home Government should consider whether the excitement of annual budgets and new taxes should not be avoided as a political danger.

ROYAL COMMISSION
OF INQUIRY

CHAPTER X

HIS GRACE THE DUKE OF ARGYLL

DUKE OF ARGYLL.
Annual Budgets

The noble Marquess (the Marquess of Salisbury) said that he objected to Annual Budgets and the imposition of new taxes. He concurred in the expediency of avoiding the imposition of new taxes, but he did not think that the people who paid the taxes should not have the Annual Accounts placed before them

* * * * *

Local taxes for local
expenditure

Some great questions of policy were, unquestionably, now and then, referred to the Government at Home, when the Government of India were, perhaps, divided respecting them, and one of the most important of these was the question of Local Taxation and Expenditure. The Government were divided upon that point, and the Home Government and a majority of the Council decided in favor of the perfect legitimacy of the plan of raising Local Taxes for Local Expenditure in India. The noble Marquess (the Marquess of Salisbury) described this as a step towards what was popularly called the Decentralization of Indian Finance, and thought it would lead to more extensive measures in the same direction. He spoke of the Government of India having relinquished some powers over Revenue and Local Governments. Now, the noble Marquess could not have been quite aware of all that had actually occurred. The importance of the step taken by Lord Mayo related, chiefly, to the branches of expenditure which he had relegated to the Local Governments. They were comprised under eight Heads—such as Gaols, Roads, Education, Administration of Local Justice, and other matters, in respect of which there was a great pressure for Local Expenditure, and over which it was almost impossible for the Supreme Government to exercise any control. The Central Government would, now, be relieved from the pressure of the Local Governments for the increase of, perhaps, extravagant expenditure under those heads—the object of the Supreme Government being that the Local Governments should be thrown upon their own resources. In a speech delivered in the Supreme Council, Sir Seymour Fitzgerald complained of the taxation of the Provinces, and said he thought that a fair share of the total revenue was hardly assigned to them considering their burdens, but he went on to say that in Bombay there was a large local expenditure already, and there was no effectual system of Accounts. If it were true that no Budget system existed, and that very considerable economy might be effected, in Bombay, no doubt the same result might be attained all over India, and he had great confidence that, when the expenditure of these taxes was brought home to their own doors, and when the Natives found that by roads, tanks, and small works of irrigation of a local character, their wants were attended to, they would afford the amount of taxes necessary for those purposes. He entertained the less doubt on this point, from the important change carried out with regard to the land revenue. Lord Derby, when in office, suggested that the Indian Government should alienate a large part of the land revenue, and settle all the land for a series of years. After long consideration, the Government of India came to the conclusion that it would be unwise to alienate, permanently, the land revenue, and that, over a large area of country, it would be unwise to make a Permanent Settlement. But, in a despatch of 1862 his noble friend (Viscount Halifax) decided that, in certain cases and under certain conditions, the land revenue should be permanent, and he was informed that, in the North-Western Provinces, a considerable area of country was likely to come under a Permanent Settlement. Large questions of public policy were connected with this question. He knew it was the opinion of many, that the State ought to retain in its own hands, the power of raising the land assessment, from time to time. His own opinion was that a Permanent Settlement was the wisest settlement, and that it was better for wealth to accumulate in the hands of the people than to flow into the Treasury. He thought that the wealth of every good and wise Government lay in the wealth of its people, and he should rejoice to see the great land-holding class of India enjoy a higher share of this wealth than it now did. One point, however, must he looked to. If the Government gave over the land in Permanent Settlement, thereby adding largely to the wealth of the Agricultural Classes, there must be some means of getting at that wealth by other taxes for the purposes of defraying expenditure. Remembering this, it became the more important that the principle sanctioned last year—that the Permanent Settlement of the land revenue did not preclude us from raising Local Taxes for Local Expenditure—should be maintained. The Local Governments of India were now preparing Measures for raising Local Cesses, but he had impressed upon Lord Mayo the necessity of great caution in developing this system, and the importance of carrying along with us, if possible, the feelings of the people.

Permanent settle-
ment of Land Reve-
nue

Local Governments
were now raising
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formed of the neces-
sity of great caution
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system, and of the
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ing along with us, if
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of the people

CHAPTER XI.

OPINIONS IN ENGLAND

Extracts from Minutes of Evidence before the Select Committee on Indian Finance

CESSES ON LAND REVENUE.

BOMBAY PRESIDENCY

SIR BARTLE FRERE

65 *Mr Ayrton*] Were any special charges added to the land revenue at the settlement?—There was a part of Sir George Wingate's original plan, which was devised, I believe, by Colonel Davison, for imposing an extra Cess at the rate of one anna in the rupee, that is one-sixteenth of the assessment, which was to be applied to the formation of Roads and the maintenance of Schools, the Schools were to be of two kinds Schools for Primary Instruction in reading and writing, and schools in which mechanical art would also be taught, so as to improve the mechanical arts of the Country This system was a little in advance of the ideas of the Government at the time, and it was postponed for some years, and has only been, latterly and very gradually, introduced, as the people were found to wish for it and to be inclined to accept it

66 Did the Land Law of Western India or the Bombay Presidency reserve the right of the Government to make any further special assessment to meet emergencies of the State?—Yes, there was a special reservation in the Regulations of 1827 for the purpose

67 That, legislatively, there might be a General new Tax put on?—Yes

68 Then this Cess would be a tax of that nature?—It would be a tax of that nature, it was deferred, in some parts, from an idea that it would be considered by the people, as a breach of the covenant made with them during the 30 years' settlement, and where nothing was said about it, at the time of the introduction of those settlements, its introduction was postponed, but in all new settlements it is made a part of the original settlement, and has the same force as the Government assessment

117 *Mr Cave*] With regard to the estates alienated for ecclesiastical purposes, and for others which you mentioned, would they be considered subject to the extra cesses which you mentioned for Roads and Schools?—Yes, I believe, in most cases, they have been included in the demand for the Local Cess, but not invariably

118 Would it be considered contrary to the agreement if such a Cess was made for the purpose of making or maintaining railways as well as common roads?—The question has never been discussed, and, at present, certainly, I think it would be premature to start a question of that kind for the consideration of the people, because their fear always is that, after the Cess has been imposed, it will be carried off and applied somewhere where it will not benefit them, and our object, in reconciling them to the Cess, was to expend it as far as possible in the parts where it was levied, and to let them see that we kept faith with them in giving them some benefit for the Cess that was levied

119 At the same time is it not the case that the Railway increases the price of their produce more than the common Road?—Immensely

120 And that the difficulty with regard to the revenue of India is greatly increased by the expenditure upon the Railways?—Certainly

121 And that, therefore, there would be the greatest possible reason for the Cess being levied for the purpose of Railways?—It is quite possible that they might be brought to see it in time, but it must be recollected that this Cess, which might be termed a parochial or County Cess, is of very late introduction in most Districts, and it is above all things, in matters of this kind, desirable to let the people thoroughly understand a new impost, and see its reason, and that takes some time over such great areas as you have to deal with in India

122 You see no reason, on principle, against the introduction of such a practice?—In principle, I see none, but I should think it a dangerous principle to act upon, till the people get much more alive to the advantages of the Railway than you can expect them to be just at present At present they regard the Railway as a great boon which has been conferred upon them, sometimes, they may look upon it in a different light, as rather an infliction, if it takes off a piece of their fields, or anything of that sort, but, at any rate, they look upon it as a work of the Government, which is essentially distinct from anything that they are called to do for themselves, or to pay for themselves

CHAPTER XI

BOMBAY PRESIDENCY

SIR H B E FRERE,
K C B, G C S I
24th March 1871

It would be premature to raise a question whether a cess on land revenue can be imposed for the expense of a railway

And it would be dangerous to raise the question prematurely

Cesses on Land Revenue

CHAPTER XI

BOMBAY PRESIDENCY

SIR H B D FREERE,
K C S I
24th March 1871

And, no doubt, the Government also has some liability for the expense for railways

Though land revenue and cess, together, form rent and not a tax, yet the amount taken as cess is not an abatement from the Land revenue which would have been payable if there had been no cess

A cess on land for the construction of railways would be different from one for the construction of roads, and it would be unwise to press the former upon the country at present

Even permanently-settled districts which have benefited by a railway may be fairly required to contribute to its expenses

The Bombay Regulations specially reserve to Government the power of levying

151 *Sir Charles Wingfield*] With reference to the question that was put by the Right Honorable gentlemen, the Member for Shoreham, about the propriety of the Government levying a Cess for Railways in the same way as it levies a Cess for Local Roads, do not you think, on the other hand, that it is a right principle that the Government which derives a rental of 20,000,000*l* from its landed estates, is bound to spend some part of that in the improvement of the land, that is to say, in works that will develop the produce of the land?—Doubtless, if it can spare it, but it must in India, as elsewhere, be a matter of discussion and adjustment, I think, between the cultivator and the Government, what each can do towards what is for the benefit of both

152 But when I affirm that principle, I mean that it would be unreasonable to call upon the people to do everything, that Government, which derives such a great rental from the estate is bound, like the proprietor of an estate in this Country, to spend some portion in works for the benefit of those living on it?—Clearly

257 *Mr Fawcett*] You referred to levying a Cess upon land for Local Purposes, such as Education, and making Roads, but, supposing that you obtain so much from Cess, it ultimately represents so much deducted from your land revenue, does it not?—I think not, because it does not follow that a shilling which is taken for a special improvement, such as making a Road or for keeping up a School, could be taken if you did not do something for it

258 But you, in adjusting your land revenue, consider what the land has been accustomed to pay and what the tenants can afford to pay, do not you?—Yes.

259 Suppose that you take this case, you have to come down to re-adjust the land revenue on a particular field in Bombay, the land revenue previously paid has been 4*l*, and there is a Cess levied upon it of 1*l*. That is, virtually, a land revenue of 5*l*, because if it was not for that Cess of 1*l* you could raise the revenue to 5*l*, and leave the tenant in exactly the same position as he would be in if there were no Cess, could not you?—No, I think not. The case is quite possible that you may be able to levy your 5*l* only on the condition that you make a road or keep open a school

260 But you define land revenue, do you not, as rent, not as tax?—It is a portion of the rent

261 And you try to adjust the rent in proportion to what you think the tenant can fairly bear?—Yes

262 And Cess is rent too, is it not?—Yes, in that point of view, of course it is

263 Therefore, looking upon land revenue and Cess as both being rent, it is simply the cutting one item into two?—No, in the one case, you take actually the whole from the Country, and give a man back nothing, in the other case, you give him back the means of carrying his produce to market, or the means of improving his condition and producing more

275 *Mr J B Smith*] I think you said that you approved of the principle of some tax being laid on the owners of land for the making of Roads or Railways?—Yes

276 Now, in case you levy a tax upon the occupier of land for a Road or for a Railway, at the end of 30 years that land has very much increased in value?—Yes

277 Then you raise his assessment?—Yes

278 Does not he pay twice, first he pays for the improvement, and then he pays an increased rental?—I should make a distinction, in the first instance, between payment for Roads and payment for Railroads, with regard to Roads, the improvement is practical and immediate, with regard to Railroads it is more distant, and a subject which I should think it unwise to press upon the Country, at present, but, with regard to the effect to which you have alluded, I do not see that the man pays twice, he pays, generally, in the way of assisting the Government to make communications, and by those Communications he increases the value of his property in perpetuity, a portion of that property, that is the land in which he is interested along with Government, requires an increased value, and the Government, interested in the land in partnership as it were with him, also shares, it seems to me, the right to benefit, bearing in mind also, that, as the natives of India are always ready to admit, the interests of the Government and the people are, in the long run, identical

279 But, now in the cases of Bengal, where there is a Permanent Settlement, and where the lands, as in other places, have been very much increased in value by railways, do you think that the owners of the land ought, in justice, to contribute to that improvement, or should they pocket the whole of the benefit for themselves?—I do not see why they should not contribute

280 Would that be considered a breach of the conditions of the Permanent Settlement?—I should not consider it so, I have looked into that question, very carefully, and it seems to me that any demand for a Cess that applied to Road-making in Bengal would clearly not be in contravention of the terms of the Permanent Settlement

281 It would seem to be just that they who have benefited by this outlay, should contribute something towards it?—Clearly

282 Do you think that it would meet with opposition in Bengal?—No tax is popular

375 *Mr B Denison*] I think your opinion, as regards any Imperial Taxation over and above the land revenue, is, that, as a matter of principle, it is quite an open question, speaking of it as a matter of policy, that is a different thing, but as a matter of principle, it is an open question, you think that the defining and the limiting the land revenue does not preclude

Cesses on Land Revenue

the Government from demanding other taxes, if Imperial circumstances are such as to require them?—There is a special reservation in the Bombay Regulations of the power of Government to levy such taxation

CHAPTER XI

BOMBAY PRESIDENCY

BENGAL

SIR H E B FREERE,
K C B G C S I
24th March 1871

754 *Mr Grant Duff*] And your views as to the bearing of the Permanent Settlement upon the Education and Road Cess question have also been laid before Parliament in a Return moved for by Mr Kimball last year—Yes

cesses additional
to the amount of the
settlement

755 With regard to that last matter, the bearing of the Permanent Settlement upon the Education and Road Cess question, you dissented from the view that found favour with the Secretary of State in Council?—Well, I did, partially. I rather gave in at last, for I thought it was so desirable that we should have it, but it was to me very questionable whether it was not a breach of faith

BENGAL.
MR R D MANGLES
28th March 1871

756 The view that found favour with the Secretary of State in Council was, that the Permanent Settlement in Bengal did not hinder the imposition of an Education and Road Cess in Bengal in the way in which it was proposed to impose it?—Yes

PUNJAB

803 *Mr Ayrton*] The other half is the revenue which they pay?—Yes. And, in this new settlement, in addition to the half net return, the proprietors have been called upon to pay 1 per cent for Roads and 1 per cent for Education, that is an arrangement of the settlement

PUNJAB
SIR R MONTGOMERY,
K C B, G C S I
31st March 1871

804 They had notice, at the time of the settlement, that they would have to pay special taxes for those purposes?—That is, in addition to the half net returns that I spoke of

805 But does it form any part of the settlement that they should be, or should not be, subject either to any general increase of assessment to meet the emergencies of the State, or that they should be subject to Special Assessments to meet particular necessities of the District, apart from that which you have especially mentioned?—I do not think there was any understanding of that kind. The understanding is that they are not to pay more than the assessment fixed, and the assessment now formed is plus 1 per cent for Roads and 1 per cent for Education. If more than that was taken, I think they would consider it a grievance

806 Then the effect of adding the 1 per cent is rather to give them a guarantee that it is to be locally spent for their benefit?—Yes, and that money is, usually, locally spent, or ought to be, if it is not done so, I think it is not just or fair

The road cess ought
to be spent in the
District in which it is
levied

807 You think that they have required a right, by special arrangement, to that application of the money?—Yes, they make no difficulty about the road assessment, because, by the tenure of the villages in olden times, they were obliged to construct the whole roads, which was an oppressive burden

808 Are they relieved of that duty of compulsory road labour now?—It does not exist anywhere, I think, in the Punjab now, even before this late revised settlement, and where that arrangement had not existed of the 1 per cent for Roads, they themselves readily agreed to give the 1 per cent, they being freed from compulsory labour

The cess is virtually a commutation for compulsory labour for making roads

809 But no proclamation has been issued generally reserving the right of the Government to impose additional revenue to meet the emergencies of the State?—No

810 Then you consider that the Government is bound in good faith, during the 30 years not to increase the land revenue?—Certainly

859 *Mr Cave*] You stated that 1 per cent, in addition to the revenue, was paid for Education, and 1 per cent for Roads?—Yes

860 Does that cover the expenditure upon those two items?—I am sorry to say it does not now, and there is a very general idea that, if possible, we should increase the percentage for Roads, but whether that can be done or not, is a question

861 Is that 1 per cent as much a fixed part of the settlement as the regular land revenue?—Yes, by the present arrangement

The one per cent road cess is as much a fixed part of the settlement as the regular land revenue

862 Then it would be as impossible to change the one as the other during the settlement?—Quite so. Let me qualify that answer. I should say that certainly it would, but there has been a very general impression that it would be desirable, if possible, to get something more for Roads. Still it is a very difficult question, and has really not been decided yet, but is under consideration whether you could increase, for general purposes, the assessment for roads

863 Would the people be so alive to the advantage of the Roads as to come voluntarily into such a change?—I should say not, as a general rule, the natives dislike roads extremely because they consider them a source of great oppression. In the first place, probably, you run a road through their land and cut up their fields, and, in the second place, from the peculiar customs and habits of India, travellers press labourers and carriage, and, if troops pass along, requisitions are made upon the villages for carriage and for porters, and cause a great deal of annoyance, and, although there is every desire on the part of the Government to pay them, very often the money which is given, does not reach the people, and therefore, as a general rule, I do not think that they appreciate the value of Roads as we would in this Country

As a general rule the natives dislike roads extremely

Cesses on Land Revenue.

CHAPTER XI

PUNJAB

SIR R MONTGOMERY,
K C B, G O S I
31st March 1871

864 Setting these inconveniences against the increase of the price of produce, you think that they would rather be without the roads?—I think so

886 *Sir C Wingfield*] Engagements are taken, at the time of settlement, for the Cesses and the land revenue in one?—In one, but there is a detail below

887 But there is one engagement taken for the gross amount?—Yes, so much for Roads and so much for Education

888 They are additions to the land revenue, still, do not you think that, practically, it frequently happens that they do come out of the land revenue in this way, that when the Settlement Officer has fixed the assessment in his own mind, and comes to tack on to that the Cesses, and finds that these Cesses added to the assessment come to rather a heavier demand than he thinks the village can bear, he cuts it down?—That is quite correct, but still that is in the officer's mind, and nominally, it is not so

And they would rather be without roads
Practically the cesses come out of the land revenue, for, in fixing the amount of the former the settlement officer necessarily takes count of the latter

MADRAS PRESIDENCY

MADRAS PRESIDENCY

MR R A DALYELL
31st March 1871

1107 *Mr Cave*] Is there any rule preventing the Government from imposing a special Cess to meet any special expenditure?—No, that is reserved in all the settlements. There is a Cess for Roads, and it is now under discussion to have a General Cess for Local Purposes of all kinds. I think the Bill has been passed, or is about to be passed, by the Local Council at Madras

1108 Then the Government has a perfect right to put on a Special Cess for special purposes in the middle of a settlement?—Yes, there is no guarantee about that, the guarantee is merely that the land revenue is to be fixed, at certain rates, for the period of the new settlement, and these Cesses for local purposes have been considered always as separate from the land revenue.

Cesses for local purposes are always separate from the land revenue

1109 Have Railways been considered local purposes?—No, Railways and large trunk Roads are always considered to be not Local, but Imperial works

1110 —And works of Irrigation?—Large works of Irrigation are also Imperial, small works of irrigation would, perhaps, be considered Local, but it is difficult to draw a hard and fast line of distinction

Railways and large trunk roads are not considered local purposes

CENTRAL PROVINCES

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MR J H MORRIS
18th April 1871

1270 *Mr Bourke*] Has the question ever been raised of trying these Districts Locally, in consequence of the rise in the price of produce in the District through which the railway passes?—It has not been raised exactly in that form, but I submitted a proposal for a Railway to a very out-of-the-way part of the Country in the Central Provinces about a year ago, and, in making that proposal, I suggested to the Government that the guaranteed interest should be provided for by a Local Tax, to be imposed on the District which would be, directly and immediately, benefited by the construction of the Railway

1271 Supposing that was earned out, would that be looked upon, at all, as a breach of faith between the Government and the people with whom you have made the settlement?—I have heard it stated that it would be, but I do not think that it would be, if you could show that these people directly benefited by the introduction of a Railway which did not exist, and was not taken into calculation when the settlement was made with them

1272 Was there any reservation made at the time of the General Settlement at all as to immunity from other taxation, or special taxation, on the land?—Not that I know of, the reservation was, as regards the land revenue, that the land revenue should be fixed for a certain number of years. I do not know what the people may understand, but there was no reservation that they should not be taxed in a way which could be considered as not land revenue. For instance, we, in the Central Provinces, get two per cent Road Cess instead of one, as at the former settlement, and we get two per cent Educational Cess instead of one, and I think, in exactly the same way, if you could prove that there was any direct and immediate benefit to the people from any work undertaken by Government, Government might fairly look to a return from them

1273 You do not think that there would be anything unjust in imposing a tax for the purpose of paying the interest of a Loan for such objects?—I do not think so, I proposed that it thus should be done with respect to that railway to which I have referred. I do not know what orders Government have passed on it, but I proposed that, in that instance, that should be the way in which a portion of the interest should be paid, till the railway paid for itself

1288 *Mr Beach*] You stated that a Road Cess and an Educational Cess were paid, would an additional Cess for works of irrigation be considered unjust?—No, certainly not, it would increase the produce of the land so much that, I think, they could pay it out of the increased productive power of the land. In fact, in this large scheme of ours, that is how we propose to repay the interest on the capital which the Government would advance, by an enhanced Cess, under the name of a water-rate, which would vary with the different crops grown on the land which was irrigated

1289 Would that have a good influence also on the inferior portions of the soil?—Yes, very often it would not do so much for the rich portions of the soil as for the inferior, much of the inferior would, with water applied to it, give a good crop, which now gives next to nothing

Equally so for paying the interest on a loan for such an object

An irrigation cess unobjectionable

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1290. It is not from the intrinsic nature of the soil, but from the want of water, that it is poor?—Yes, in some cases, in others, it is from the intrinsic nature of the soil

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1299 *Sir J Elphinstone*] In the course of an Irrigation Work, or a Road, or a Railroad, which you proposed to carry into a distant part of the Country, would it be possible for the Collector or the leading man in the Country to come to a local negotiation with the people, by which they would bind themselves to find the interest of the money, or to repay the capital within a certain number of years, at a certain rate, do you think that that could be done by private negotiation in the different Districts?—Something might certainly be done, and it would be most desirable to lead the people along with one in matters of this kind. I do not know how it might be in more intelligent parts of India. I do not think that, in the Central Provinces, anything that the Collectors might do, in regard to the realisation of money from them, would be looked upon as anything else than a Government order. Even in the more intelligent parts of India I think it would not be easy to get people to agree to it by any mutual arrangement. At the same time, I think the Government could easily convince them that they were bound to repay them when they brought them any material improvement.

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A cess for irrigation works or railways could not be negotiated with the people by mutual arrangement, because the desire of the Government for such an arrangement would be regarded as a Government order.

1348 *Mr J B Smith*] Do you think that, under the engagement with the Government, the Government could make a local charge upon them for Roads?—Yes, I think they could, provided there was a direct and immediate benefit conferred. If you could prove that there was a road made through their Country by which they directly benefited, for instance, if there was a tract of country which was, previously, entirely locked up, and Government made a road by which they could get rid of their surplus crops, they would be able to make them pay for that.

1349 You are aware that that right of Government is denied in Bengal?—I am.

1350 Why do you think it will be acceded to in the Central Provinces?—There might be objections, but I think it is just, and that the people could be persuaded what it was that the Government had given up.

1351 If it would be just in the one case, would it not be just in the other?—Yes, and I see no reason why they should not, in Bengal, pay a Road Cess as much as any other part of India.

1352 Have any rates been made on those lands of which the Government have sold the proprietary right in the Central Provinces?—They pay the Road Cess in addition.

1353 But has it been levied in any case?—The Road Cess is not levied only where the amount of the land is very small, but, where the amount of the land is such that the computed value would be of a certain amount of money, it is paid as Road Cess.

1354 But is it paid on that land?—Yes, it is exactly the same as rent-free tennies, they do not pay the Government revenue, but they pay the Road Cess and the Education Cess, and, in the same way with regard to the feudatories, they pay the Road Cess.

1368 *Mr Eastwick*] I think you said that Government were justified in imposing a cess for Roads, and for Education, on the cultivators after the settlement had been made for 20 or 30 years?—Yes, provided there was some direct and immediate benefit shared in by the other Districts.

Compulsory Cesses justifiable, provided there is some direct and immediate benefit from them to the District.

1369 And who is to be the judge of that direct benefit?—The Government itself, and, of course, the people would be able to represent their views in the matter, they would represent them in conjunction with the Government officer, and, if they could show that the benefit to them would not be so direct or immediate, as what it was supposed to be, their views would be listened to.

1370 But, in the case of the cultivators representing that they did not derive any benefit from a Road or Railroad, and, in fact, declining to pay, what would be done, would they levy the money by distraint?—Yes, but, to do that, I think the Government would have to pass an Act specially empowering the Herd of the Government, the Chief Commissioner, or the Lieutenant-Governor, to realise a certain Rate for such and such a purpose.

1371 But they would overrule the representation or the remonstrance?—Yes, if they thought it groundless, but not otherwise, and I think that, in cases of that kind, the people would be certain of justice at the hands of their own Local Officer.

1372 Have you ever heard of an instance of remonstrance against the Cess?—No, because it is quite a new principle that we are attempting to introduce. I have myself been proposing it to Government for this Raepore Railway.

1373 In the case of this great scheme, the Kanhan scheme, is it proposed to levy a Cess there?—Yes, it is proposed to realise the Canal Revenue in the form of a water-rate, which is assessed on the land which benefits from the water. An Act would be passed empowering the Local Government to realise such and such a Rate, but then, in a case of that kind, if the people refused to take the water, Government would not take the rate from them. It was proposed in India that they should be actually forced in the matter, and that if they did not take the water, they should still have to pay, but I am hardly prepared to go that length.

But, as regards irrigation, if people did not take the water, they should hardly pay the rate.

1374 There have been difficulties of that character in Oussa, and some other places, have there not?—Yes, but I think that those who take the water would be seen to get such an enormous benefit, that the others would only be too glad to take it.

1402 *Mr B Denison*] I think the tendency of your evidence before the Committee has been to impress upon us that what is taken from the proprietors of the soil as land revenue, is in the nature of revenue, and not as a final tax, final for all purposes?—Certainly that is what I mean, that it is merely land revenue as land revenue, but the Government have the option

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open to them, I think, of imposing other taxes, if they think fit, provided a direct and immediate benefit can be shown in return for which these taxes are to be paid

1403 Then should you conclude, from your experience of the Central Provinces, that the temper of the people in the other Districts where the land revenue settlement is now of long standing, would be the same as in the Central Provinces with regard to extra taxes?—I think, in the North-Western Provinces, the people have no doubt come to look on the extra Cesses as being as fixed and immutable as the land revenue. They have not, perhaps, been given to understand that the Government did reserve to itself certain rights to fix these taxes, but the people have come to consider that the Road and Educational Cesses' Rates are as fixed as the Government revenue

1404 Do you know whether, either in the Central Provinces or in any other parts of India, objection and remonstrance has been made by the holders of rent free tenures to these cesses, the Road Cess and the Educational Cess?—I do not recollect any particular case of remonstrance, but there was something in the North-Western Provinces about it. At Allahabad, something came up about it. I do not recollect, however, whether the Government take the Road and Educational Cesses from the rent-free tenures in the North-Western Provinces

1405 You have said, more than once, have you not, that in the event of any great local improvement, such as a road or canal being imposed, the advantage of which could be made clear to the occupiers of the adjoining lands, there would be no objection, on their part, to contribute a Cess towards the erection and maintenance of them?—They might object, but I do not think it would be a valid objection, but one that might be overruled. If they could show that the benefit was not so direct or immediate as the Government assumed it to be, and that the Government were incorrect in their data, then, I think, they would have good grounds for resisting the tax, but if the only objection was that the Government assessment had been finally fixed at the time of the settlement, I do not think that ground of objection would be a good one

1406 For instance, in the case of a canal, you do not see any objection to calling upon neighbouring proprietors to contribute to the expenses, though they may not want to have the water?—Yes, I do. I do not go the length of saying that, in such a case, you can make a man pay, because I do not see what the direct benefit would be to him. In the case of a road, he would have the benefit, whether he wished it or not, but in the case of irrigation, he would not get any benefit from the water unless he took it

Would not make people pay for water from a canal if they did not use it

1407 But are you aware that, in other parts, some canal officers have insisted upon charging water rent to proprietors who have refused to take the water?—Yes, that has been proposed, and it has been argued that the objection of the few should not militate against the good of the many, but I think it is, perhaps, pushing it to an extreme. In fact, I may say that, by taking the other course, the people themselves would see their neighbours benefiting so much from the water that they would soon get it for themselves

The cess proposed for meeting the expense of the Raepore Railway would be tentative

1408 But, supposing your principles were carried out, you do not apprehend any political danger?—I do not, in the Central Provinces, certainly, but, at the same time, I wish it to be observed, that the measure would be a tentative measure, and, in proposing this plan for the Raepore Railway, I meant that the Government should leave it to me to see how far we could realise this, and that, if we found that there was difficulty in realising this, then we should get the revenue from other sources

1409 Do not you think that the temper of the people in the Central Provinces may be, in a great measure, owing to the newness of the Administration, as it were, and their inaptitude to call in question Government measures?—Partly so, perhaps. I think that we might say, on the other side, that the temper of the people in other parts of India may, perhaps, have been induced by the Government not having sufficiently asserted their rights, and the people having assumed that they had certain rights and privileges which, in reality, they ought not to possess

1410 But it would not be incorrect, would it, to say, that the population of the Central Provinces are a more simple and unsophisticated population than that of other parts of India?—They are a more simple and a quieter race than they are in the North-West and the Punjab

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The people in the Central Provinces are a more simple and a quieter race than those in the North-Western Provinces and the Punjab

SIR C J WINGFIELD, K C S I, C B,
25th March 1873

2049 *Chairman*] What were the offices that you held in India?—Different offices in the Civil Service. The last office I held was that of Chief Commissioner of Oudh

2050 Will you explain to the Committee what steps were taken to impose Local Cesses in Oudh?—Perhaps I had better state, first, the instructions which were given before the settlement was commenced for the levy of Cesses in Oudh. I will read two paragraphs of those instructions. They refer to the levy of the Government revenue and Cesses. The first is this: "The average gross rental [of an estate] having been determined after careful consideration of the capabilities of the estate, both present and prospective, and after duly weighing the circumstances which may influence the value of the staple product of the District, the [Government] demand will be fixed at the proportion of 51½ per cent [of the rental] as hereafter explained." Then some instructions are given with regard to the Police Fund and the fund for the payment of Village Accountants, and it was decided that the Government should not interfere in any way with them, but that those functionaries should continue to be remunerated as they have been, from time immemorial, by the voluntary payments of the

In the Settlement instructions for Oudh issued by Sir C Wingfield the rates of road, school and district post cesses, aggregating 2½ per cent on the land revenue, were fixed for 30 years, and to raise them before the termination of that period as has

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villagers For the police, the villagers were required to set aside three acres of land, besides their customary dues, and the reason which I gave, then, for not interfering with the payment of the Village Accountants was, that the substitution of a cash salary is extremely distasteful to the people themselves, and that I would prefer to see the Village Accountants continue to be remunerated as they had been from time immemorial. Then, with regard to the other Funds, namely, the Road, School and District Post (those were the only three remaining Funds to be dealt with) the instructions were these "There remain the Road, School and District Post Funds. Of these, the Road Fund only has, as yet, been levied in Oudh" that is, under the Temporary Settlement made on the occupation of the Province "The levy of any Cesses in addition to the Government demand proper is viewed with great suspicion by the people who regard them as exactions to which no limit can be assigned, and by far the preferable, course, in the Chief Commissioner's opinion, is to include all Cesses in the Government demand, and to set aside, from the General Revenues thus raised, a fixed proportion for specific objects. The people greatly prefer this course, as they then consider that the State, by devoting a portion of its revenue to the maintenance of institutions calculated to confer great public benefits, is performing its proper functions, towards which they should not be called on to contribute. The Chief Commissioner has, therefore, with the consent of the Government of India, determined to fix the Government demand at 51½ per cent of the average gross rental, and of this sum, 50 per cent will be credited to the Imperial Government, and 1½ per cent will remain at the disposal of the Local Government, to be devoted to the purposes marginally noted." It should be stated 1½ over and above the 50, because 1½ on every 50 rupees of the Government revenue is 2½ per cent. Those were the instructions. Now, my object was to give the proprietors of land security that their Cesses would not be raised during the currency of the settlement, that is, for 30 years. When the assessment of an estate is fixed, a contract is drawn up, signed by the proprietors and by the Government officer, in which the terms are defined, and the payment is fixed. Now, as the demand of the State was here fixed for 30 years, and the Cesses were included in that demand, the Cesses were also fixed for 30 years, and to raise them before the termination of the contract is, in my opinion, to modify the terms of that contract. I am aware that, before the Act of 1871, which authorised the levy of 2½ per cent additional from the proprietors of land, was passed, the consent of the Talookdars (who are the great landed proprietors of Oudh, like the Zemindars of Bengal) to double the Cesses, that is, to pay an additional Cess of 2½ per cent, was obtained, but I also know very well that such consent is never voluntarily given. It is obtained through administrative influence, and it is given because they feel themselves helpless, and from the fear of provoking worse measures by resisting a request put to them, in that way, by the Chief Commissioner. And I also think that it is not a dignified thing for one party to a contract, and that the stronger party, to ask the other and weaker party to agree to a modification of the terms of the contract to his disadvantage, but, even assuming that the consent of the talookdars or great landowners was voluntarily given to the doubling of the Cesses, still one-third of the soil of Oudh is owned by peasant proprietors, and their consent was never asked, so that the terms of the contract were modified without the slightest reference to them, at the pleasure of the Government. Now, with regard to the views which I have stated with reference to the Cesses, that the imposition of additional Cesses after a settlement had been concluded, was excessively obnoxious to the people, who regarded it as a departure from the engagements, they are views which many men of experience had been led to entertain by the Mutinies, I for one. People who were fugitives during the Mutinies, like myself, often heard many things which, in other times, would never have reached their ears, and I did not know that the practice which had grown up in the Upper Provinces after the settlement, of getting the people, by what was called, their voluntary consent, to pay an Education Cess, or some Cess of that kind, which was not in their settlement engagements, was excessively unpopular, and was regarded as a breach of the contract entered into. I was so very much impressed with that, that I wished to give the landowners of Oudh a security that the amount of Cesses fixed at the settlement should not be exceeded during the currency of that settlement.

2051 Did you make any remonstrance to the Government on the subject?—Yes, in England, long after I had left India. When I saw that this Act had passed, doubling the Cesses, I extracted the passages which I have read to the Committee, and stated the views which I have now expressed to the Committee, and communicated them to the India Office. At this moment, I cannot exactly recollect whether I sent it to the Secretary of State, or to Sir Robert Montgomery, with a request that he would bring it before the Council one or the other I certainly did.

2052 Did you get any acknowledgment of the receipt of the paper?—No.

2053 Or do you know what has become of it?—No. That is all I have to say on the subject of the raising of the Local Cesses in Oudh. There is one other point which I should like to refer to. In the examination of Mr. Harrison I said that the imposing of a Road Cess in Bombay after the settlement had been concluded had been disapproved of by Sir Charles Wood, and declared by Sir John Lawrence to be a breach of faith. I took that from a Parliamentary Return, and I have referred to it now, and I find that it is a minute of Sir Frederick Halliday with regard to the imposition of Local Cesses on the landholders under the permanent settlement in Bengal. I am not going to refer to that question, but an argument had been drawn from the imposition of a Cess in Bombay, and Sir Frederick

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been done by the Oudh Local Rates Act of 1871 was a breach of the contract. The Oudh Talookdars did indeed, consent to double the cesses, but Sir C. Wingfield knew very well that such consent is never voluntarily given. People who were fugitives during the Mutinies like Sir C. Wingfield often heard many things which in other times never reached their ears, and witness knew that the practice which had grown up in the Upper Provinces after the settlement of getting the people by what was called their voluntary consent, to pay a cess of some kind which was not in their settlement engagements, was excessively unpopular, and was regarded as a breach of contract with them.

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When a cess is imposed at the time of settlement a knowledge that it is to be imposed notoriously affects the amount of the Government share when the settlement bargain comes to be made

Halliday meets that argument in this way. He refers to a Cess in the District of Behar in which the Zemindars voluntarily agreed, at the time of the Permanent Settlement, to pay a half per cent for roads, and he also refers to the zemindars in Benares having been persuaded to agree to a Special Cess for education. He says "In Madras no Special Cess is levied but by the voluntary act of the people. In all the other Provinces named (but one) the Cess is imposed" (he refers there to the Road Cess), "but only at the time of making the settlement, and never after it is made, as it is now proposed to do in Bengal. The knowledge that the Cess is to be imposed notoriously affects the amount of the Government share when the settlement bargain comes to be made, and whatever is taken from the zemindars is taken with their written consent. In Bombay, the only exception to this practice, the rule of making a Cess before and not after the settlement was very strictly prescribed by the Government of India and by the Secretary of State, Sir Charles Wood, and Sir John Lawrence went so far as to record his opinion that to levy a Cess after the settlement had been made (the very thing now proposed in Bengal) would be looked upon as a 'breach of faith.' Somehow or other, notwithstanding this, the Government of Bombay passed an Act last year, apparently, if not actually, in opposition to these pointed instructions." This Minute was written May 1870, and, therefore, "last year" would be 1869. "It is the only part of India in which such a thing has been attempted, and it has not been long enough in operation to show whether the people there will fulfil Lord Lawrence's expectations by denouncing it as a breach of faith." Well, there have been many complaints of it. The Right Hon'ble the Chairman said, the other day, that the Bombay Act, under which the settlement was being made, sanctioned the levy of the Cess after the settlement.

2054 That it would sanction it?—The Act under which the settlement was made might have sanctioned the levy of a Cess at the time of the settlement, but they, apparently, in Bombay had more than half concluded the settlement before they thought of levying this Cess, then they thought that it was an omission, and they determined to levy it, and so they brought in this Act of 1869 to authorise the levy of it, although an engagement had been concluded under which the people were bound to pay only a certain sum for a term of years.

2055 You have made use of the expression that the settlement for 30 years is a contract between Government and the person on whom the assessment is made, but do you consider that that is a contract in the proper sense of the word "Contract," or do you consider that it is the act of a Government regulating public impositions upon the individual tax-payer?—You take an engagement from him to pay that amount punctually, and so it is a contract on his part, because you hold him to it in this way. If a landowner complains that the calamities of the season have destroyed his crop, you do not let him off payment on that account, you say, "You are bound, for a term of years, to pay this punctually, and you must make up the deficit of a bad season by the surplus of a good one."

2056 But is not the land assessment in India a branch of the public revenue, levied on a particular form of property?—Yes, but the amount becomes a question of engagement and specific contract. The liability to pay some land revenue, of course, is not a matter of contract, but the amount is.

2057 Is not the amount prescribed by the Government commissioner merely the amount of that particular tax fixed by the Government for a certain period, not a contract, but the execution of a public imposition?—It is, so far, regarded as a contract, that nobody has ever asserted that you can increase the demand fixed in the engagement.

2058 Is not the demand that is so fixed the limitation of the land revenue as a particular branch of revenue?—No doubt it is a limitation of the Government demand.

2059 But a limitation of the Government demand for a particular branch of the revenue, namely, the imposition upon the land for the purposes of the State generally?—Yes.

2060 Is not a Road Cess a different branch of revenue levied for another and a different purpose?—Yes, but, in the case that I have given you, of Oudh, it is incorporated in the Government demand.

2061 Then do I rightly understand you that your view is, that the Government have entered into an engagement, on one side, that there should be no kind of charge whatever on the land, and that they have, on the other hand, not accepted any duty or responsibility to do anything in relation to the land, or do you consider that they are by that arrangement exempted, or rather almost prohibited, from doing anything in relation to the land?—No, because in the case of the settlement of Oudh they did fix the Cesses for certain local purposes at the time of settlement.

2062 In that case, their duty would be prescribed within the limits of the Cess?—Yes.

2063 Then do you hold that they are not at liberty to perform any duty in relation to the land beyond the amount of that Cess?—I certainly think that the maintenance of the public faith is of far more importance than getting additional funds for any purposes whatever.

2064 And is it your opinion that if there are no roads to enable the occupants or owners of the land to remove the surplus produce, the Government has put itself into such a position that, by no contrivance, can the inhabitants be relieved of that difficulty?—The Government advisedly thought that 2½ per cent would provide all the roads that were needed for the wants of the Districts, and it must be borne in mind that it was the act of the Government, by its Decentralisation Scheme, by which they reduced the Grants to the Local Governments on the aggregate by 350,000*l* and by 15,000*l* for Oudh, which created a deficiency

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2065 But, under the Native Governments, was it the practice, in addition to the collection of the land revenue, if works of a local character had to be carried out, to have them carried out by forced labour?—Speaking to the best of my knowledge, I do not think that the Native Governments ever carried out what I may call District works of merely local utility. If they wanted to build a palace, or a great bridge over a river, they would use forced labour, no doubt, I do not mean unremunerated labour, but they would compel labour.

2066 But, so far as they had some local works carried out, was it not the practice to have those carried out by forced labour at unremunerative rates, imposing a considerable burden upon the inhabitants of the District?—I think it is very likely that they did not get the full remuneration, but they must have been kept alive while they were doing the works. But, then, I do not think that what the Native Governments did is any authority for us, because there is no enormity which you cannot justify by reference to Native usage, and if we could do nothing better than produce the Native model of government, I do not see what right we have in India at all.

2067 For the purpose of ascertaining the nature of the land revenue as compared with any Special Taxes for the purpose of improving the Districts for the benefit of the landowners, I understand your view to be, that, although the majority of the landowners of a District may wish works of local improvement to be carried on for the local improvement of the District, the Government, by its proceedings, especially those which you have brought before the Committee, has reduced itself to a state of utter impossibility, and made the inhabitants share that impossibility, of doing any good in the County?—There would be nothing to prevent the landholders subscribing among themselves to have a road made and asking the Collector to make it, but I say that the Government deliberately said, only 10 years ago, that a Cess of 2½ per cent would suffice for local purposes, and they gave a distinct assurance to the people that that would be the limit of the Cesses throughout the term of the settlement, and I do not think that they ought to raise it during the term of settlement.

2068 Then it is your view, now, that nothing can be done except by spontaneous benevolence on the part of the inhabitants, each person assessing himself to the extent he likes?—Yes, during the term of settlement.

2069 Is it your opinion that the proceedings of the Government in this respect have been politic or impolitic, that they have been beneficial or injurious to the general welfare of the Country?—I think decidedly injurious, because to shake public faith, to make the people think that the Government is grasping and overreaching, and does not abide by its deliberate engagements, must be injurious.

2070 You think, perhaps, that it would have shown more foresight if the Government had intimated at the time the possibility or reserved the possibility of levying rates for carrying out works for the benefit of the inhabitants?—Perhaps, if the Government had foreseen this difficulty, they might have reserved their right to levy Cesses apart from land revenue, but, at the same time, that is a right which must be exercised with very great caution, because it is absurd to limit the assessment on the land for land revenue, and then to retain power to put on Cesses to any extent, because for all practical purposes that amounts to an increased demand from the land. Whether you assess 100 acres of a man's land and take payment from him as owner of those 100 acres, or whether you put a Cess or Cesses upon him as owner of those 100 acres, it comes to the same thing. In either case the demand is from this land.

Even if Government has the right to increase the rate for cesses during an existing settlement, the right must be exercised with great caution, because it is absurd to limit the assessment on the land for land revenue and then to retain power to put on cesses to any extent, because, for all practical purposes, that amounts to an increased demand from the land.

2071 Is not the difference this, that, in the one case, the demand of the Central Government may be defrayed wholly beyond the view of the person assessed, whereas in the other case the limit of the assessment is the cost of the work that is to be done for his benefit, and therefore, the thing regulates itself?—No, because these Cesses have been imposed, not with reference to the means of the man assessed, but with reference to the value of the land which he holds, and on that he pays a separate land revenue demand.

2072 But, if the money is to be paid exclusively for the benefit of his District in making Roads, Canals or Irrigation Works for his District, surely, that is a sufficient limit to the demand?—I do not see how that imposes any limit, because the ideas of improvement may be so very large. Certainly some Rulers would have no scruple in taking any amount of money from the people for what they consider such beneficial objects.

2073 Do you think that they could be trusted with the power?—Most certainly not, and that is why I disapprove of the Decentralization Scheme, because it puts the Local Governments more under a direct motive to screw as much as they can out of the people, and I know, by experience, what crotchets and fancies Local Governors have.

2074 You think that, having regard to their permanent connection with the people over whom they rule, it is not desirable that the Local Governments should have the power which is given under this Decentralization Scheme?—Certainly not, if the Government of India interposes no check, or places no restriction on their power of levying Local Rates, I think it would be most dangerous.

2075 Do you think it would have been a better policy if the Government had continued its responsibilities with regard to the taxation of the people, and had either assigned a fixed sum to the Local Governors to spend in their Districts in Local Administration, or, as the other alternative, if they had left them the Local Taxes generally, and required them to remit to the Imperial Treasury a certain sum out of them?—I do not think the plan of giving them Fixed Assignments altogether a good one, because it offers no inducement to economy, and

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those who asked most would get most, but I approve of the plan of Sir Charles Trevelyan, to leave the Local Governments whatever surplus remains after defraying Imperial Expenditure and Civil Establishments

2076 Without giving them any power to levy taxes?—They should have no power to levy taxes without the consent of the Supreme Government

2077 That is to say, the responsibility of levying the taxes should be the responsibility of the Supreme Government, and the Local Governments should be left to make their economies in the best mode of administration out of the taxes levied in their District?—Yes, and if they had the spending of that surplus, they would have a motive for economy. As it is, if an economical ruler saved money by reducing his establishments, he did not get the benefit of it, it would go to supply the demands of some extravagant Province

2078 *Mr Bourke*] With regard to the communication which you made to the India Office, in that communication did you apply any of your great local knowledge and experience in the Province of Oudh to the question as to whether the 2½ per cent Local Cess that was imposed by the Act several years ago was sufficient, in your opinion, to carry out the local requirements of the Country in regard to Communications, Roads, and so on?—No, but what I say is, you made, deliberately and advisedly, an agreement and stipulation, and, whatever the inconvenience might be, you are bound by it for the term of the settlement

2071 You only, in fact, turned your attention to the question of what you considered to be the breach of faith?—Yes, because I have always held that the most important point to be attended to in our connection with India is, that we should preserve our character for strict observance of our promises, and I believe that, in the earlier times of our history, it was to the reputation that we acquired for this scrupulous adherence to our pledged word, that we mainly owe the establishment of our Indian Empire

2080 *Mr Cross*] And you think that no expediency ought to induce us, under any circumstances, to break that faith?—Certainly

2081 *Mr Fawcett*] The breach of faith which you describe, I understand to be analogous to this in this Country the Crown has certain lands, the rents of those lands are devoted to the General Revenues of the Country, if the Crown promises a tenant to let the land on lease for 30 years, and, in addition to the fixed rent for 30 years, said, "I will charge you a certain sum for improvements, and I will charge you no more than that sum," and if, afterwards, the latter sum for improvements were arbitrarily doubled, you would consider that, in that case, there would be a very great breach of faith?—Certainly

2082 And that is a case analogous to what has taken place in India, is it not?—Yes

2083. And it is a breach of faith which would be just as bad as it would be if a private landowner disregarded the covenant of a lease, and charged a greater rent than the lease authorised him to levy, and, then, in those cases, the tenant would undoubtedly have a remedy in a Court of Law?—Yes

2084 And you, I suppose, agree with the opinion that there is really no difference in the breaking of a promise, whether the land is owned and let to a cultivator by the State, or whether the land is owned by a private individual and let by him to the cultivator?—No, certainly not, in the one case, a man has a remedy, but, in the other case, he has none

2085 Therefore, it is all the more important, having no remedy, as he has no security except a moral one, that that moral right should be sacredly protected to him?—Yes, on that point there is a very remarkable passage in a speech of Mr Fitzjames Stephen, lately Legal Member of the Governor General's Council. Having obtained the consent of the Talookdars to increase the Cesses, not the consent of the peasant proprietors, then they pass an Act to legalise this doubling of the Cess. Now, of course, the Legislature has the power to do that, you cannot dispute the legality, but, as Mr Stephen said, when he was in England, that Lord Cornwallis in making the Permanent Settlement of Bengal, 1

of binding his successors which he did not possess, and meeting also the argument that the Permanent Settlement of Bengal should be repealed, "It may be affirmed, with perfect truth, that your Lordship and the Council have the legal power to repeal the Regulation of 1793, which embodies the Permanent Settlement System, just as you have the legal power to do a vast number of other things, good or bad, but whether you have the moral right to do it is a separate question, which requires independent consideration." In considering the question of the moral right of the Government to alter the arrangements made at the Permanent Settlement, it appears to me that the leading consideration to be kept in view is as follows: we are not a representative Government, with every wish on the part of every Member of the Government to use his powers for the benefit of those whose interests they affect, it is impossible not to feel, at every turn, how great are the differences between the Governors and the Governed, and how supremely important it is for all parties, that, whatever else the people of the Country may feel about their Rulers, they should feel perfect confidence in their good faith, and in their scrupulous observance of their promises. A really representative Government may deal with the pledges of their predecessors in a very different way from a Government like ours

2086 *Chairman*] Do you recognise in this preamble of the Regulation relating to the land revenue in Bombay, and in the clause that I will read to you, a clear definition of what the land revenue in India is. This is the Regulation of 1827, under which the land revenue is assessed in Bombay. "Whereas it is expedient, with a view to the protection of the rights of the State, and of individuals, that the principles on which the public revenue is assessed

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and its realisation secured and effected, should be made, knowing that authorised receipts on account of revenue should be regularly and correctly recorded, and unauthorised exactions promptly punished, and the powers and responsibility of subordinate revenue officers, of farmers, and of superior holders of land should be defined." Then it goes on to other details, and, then, the Regulation contains this declaration "All land, whether applied to agricultural or other purposes, shall be liable to the payment of land revenue to Government, according to the established principles which govern the assessment of that description of land to which it belongs, except such as may be proved to be either wholly or partially exempt from the payment of land revenue, under any of the provisions contained in Chapters IX and X of this Regulation. Provided, however, that nothing contained in the preceding clause, or in the enactments therein cited, shall be understood to affect the right of Government to assess to the public revenue all lands, under whatever title they may be held, whenever, and so long as, the exigencies of the State may render such assessment necessary." Do you consider that, with that definition of the land revenue, and that declaration, an assessment made under this Act could be held in any way to prevent the Government passing a law, if it were necessary, to make roads and bridges in the Country, to levy a contribution from the land for payment of the expense of those roads and bridges?—The best proof that that was not alone sufficient was, that they brought in an Act to enable them to levy the Cesses afterwards in 1869.

2087 Was not that the legislative mode of exercising the power of the Government in the same way that this Regulation was made? It was not a question of the right of the Government?—The practice has always been, as was pointed out in Sir Frederick Halliday's Minute, to fix Cesses at the time the settlement is made, when they are engaged for, with the rest of the revenue, and it has always been thought that you cannot levy a Cess during the currency of the settlement after these engagements are concluded.

2088 Has not the difficulty arisen from the want of a reasonable foresight on the part of the administration of the Government of India in not declaring to the community the proper nature and conditions of the land revenue and the assessments under it, so as to prevent these questions arising, and which, in point of fact, were perfectly well foreseen by reasonable persons at the time that the assessment was made?—No, I think the right principle was always regarded as being that Cesses should be fixed at the time when the land revenue is fixed, because, if the Government of India in former times were to have laid down such a principle as this, "We fix your land revenue, but we reserve to ourselves perfect freedom to impose what amount of Cesses we like," that would have neutralised all the benefit of the limitation of the demand, because there was no limit to be assigned to these Cesses. When the Permanent Settlement of Bengal was made, the Government repudiated, on their own part, what were called the irregular exactions above the Government demand, and they ordered the zemindars to discontinue their irregular exactions from their tenants. In fact, it is the limitation of the Government demand that creates property in land. If the Government can take the whole rental, there is no property left. Property in land in India entirely depends on the moderation of the Government demand.

2089 *Mr Fawcett*] The 30 years' Settlement, in fact, becomes a meaningless farce, if, after you have made a 30-years' settlement, you can impose new Cesses on the land simply at the free will of the Government?—So it has always appeared to me.

2090 And, according to this action which the Government has taken, the peasant proprietors in Oudh have no security whatever, that, if the exigencies of the Government increase, they may not find Cess after Cess to any amount imposed?—Certainly, none.

2091 So that, actually, in this indirect way, although the rent of the land was fixed by a 30-years' settlement, there is no reason why it should not be doubled?—None, but the moderation of the Government of the day, their ideas of moderation, that is to say.

2092 And those vary from time to time?—Yes.

2093 And, as far as the cultivators of India are concerned, they have no security, with recent transactions before them, that these Cesses on their lands will be, in any way, limited simply to carry out improvements on their lands, because Cesses on the land have been imposed for education, have they not?—Part of the amount has, I have no doubt.

2094 And there is nothing whatever under this new Decentralization Scheme, is there, to prevent these Cesses on the land being devoted to any one of the purposes which have to be defrayed out of Local Taxation?—I should not like to answer that question without looking at the Act. The Act, I think, does contain some provisions saying what objects are to have a prior claim.

2095 Yes, prior claims, but still some of those that have the prior claim are not by any means confined to the improvements in the land. For instance, great as the advantage of education may be, education does not directly carry out landed improvements?—I think the Act says that the bulk of it is to go to making Roads, but, at all events, that is discretionary.

2096 You could not, for instance, assure a peasant cultivator in Oudh, if this system is sanctioned, but what he might find that Cesses were imposed on him for a great variety of purposes unconnected directly with effecting improvements in the land?—Certainly that is the case. Sanitation, for instance, is one of the things, they may take to filling up the cess-pools in every village, or something of that kind.

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ODDHSIR C J WING-
FIELD,

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2097 And, as far as I understand, a Cess might be imposed on land for the sake of carrying out higher education, might it not?—I do not see anything, in principle, to prevent it, having once admitted the principle that you can impose Cesses *ad libitum*

2098 As I understand you, if it had not been for this Decentralisation Scheme, which virtually deprives the Local Governments of 350,000*l* which before they had been accustomed to receive, a great part of the necessity of imposing this new Cess in Oudh would not have existed, would it?—No, I understand that the Decentralisation Scheme is made the plea, and it has reduced the Grant in Oudh by 15,000*l*. And in the Decentralisation Order you will find it is particularly mentioned that the Deficit must be made good by the Local Governments, and they refer to the Local Taxation that either has been, or is now being, introduced, and Oudh is mentioned as one of the Provinces in which it is being introduced to supply this Deficit

2099 Therefore, I understand that you agree with the view which I believe was brought forward by the Chairman on the last occasion, that the Imperial Government, in order to relieve themselves from the responsibility of raising 350,000*l* by Imperial Taxation, imposed this necessity on the Local Governments, and the result of that necessity has been that all kinds of new Cesses and other taxes have been imposed which have caused great alarm throughout India. And these new Cesses, so far as your opinion is concerned, make our Government have to bear the charge of breach of faith towards the people of India?—Yes, wherever Cesses have been imposed subsequent to the conclusion of the settlement engagements during the currency of those engagements. In fact, the early part of the question which you have put to me is identical with the question which I put to Sir Charles Trevelyan when I asked him whether it was not the act of the Government of India that has led to this creation of new Cesses for Local Taxation

BRITISH BURMAH.

BRITISH BURMAH

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COL SIR A P
FRAYRE

18th April 1871

1498 *Mr J B Smith*] Supposing that the Government executes public works, have they any right to assess the people for those?—Yes, I think they have, for the benefit of the whole

1499 Has any experiment of that kind been made, have they ever been called upon to contribute?—Within the last six or seven years, for the first time, in Burmah, a Cess has been laid for public roads, for education, and for rural police

1500 And has it been cheerfully paid?—It has been cheerfully paid, I never heard any objection to it

1501 The people appreciate the benefits to be derived from it?—Undoubtedly, they do

BRITISH INDIA

BRITISH INDIA

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MR S LAING

2nd July 1872

7719 *Mr Laing*] You were talking about Local Cesses just now. Is it your opinion that Local Cesses ought to be levied for the various objects enumerated, Education, Roads, and so on, in those places where there has been a Permanent Settlement?—Yes, I think so

7720 You think that it is something quite beyond the objects for which the Permanent Settlement was made?—Yes, I think that if the man who holds under a Permanent Settlement is in the position of an English landlord, that is as good a position as he can fairly expect to be in, or an English landlord, say, with his land tax redeemed. You have no right to increase that specific assessment, but I think that he may be fairly subjected to such Local Rates as the land-owners in England and other Countries are for purely local objects from which he derives a benefit in his own locality

7721 Especially, if it is a manifest benefit to him among others in the locality?—Yes. So long as the line can be drawn between local expenditure of a district and imperial charges, it is perfectly fair, on the analogy from the position of an English landlord, to levy a cess for the local expenditure from even permanently settled estates which are benefited, but the principle must not be stretched so as to throw imperial taxation on the estate

There are many of those local objects of which it is difficult to trace the benefit home to the man. I mean it need not be for a road to his own estate, but it is enough if you make a road through the District, or if you establish a good local police and local schools, in fact, very much the same class of objects as are earned out in England by local taxation

7722 And, as a matter of fact, such improvements have increased the value of property, have they not, in India?—I should say so, immensely

7723 And therefore those who pay these Local Cesses, in addition to what is paid under the Permanent Settlement, are better able to pay both than they were formerly able to pay one?—Yes. It is, of course, a matter of discretion in each case, you must not erry that principle so far as to make it apparent that you are throwing on him what is purely Imperial Taxation, pretty much as in this Country, there are certain expenses which are evidently local and paid out of Local Rates, and there are others which are Imperial. As long as you can draw the line, pretty much as you do in this Country, I think you have the right to levy that Local Taxation

7724 You may, of course, levy so much that a man's daily life may be made much more intolerable, for the sake of future benefit, that you would not recommend?—You must be careful not to go too far, because the Indian people are impatient of taxation, probably, if you were to consult their wishes, they would rather stand still than pay this Local Taxation, therefore you must not hurry them too fast and impose this Local Taxation on them too rapidly, even for useful objects

7725 That impatience of Local Taxation for local objects is not confined to India, is it?—No, still, I fancy it is stronger in India than it is in this Country

Impatience of local taxation is stronger in India than in England

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BRITISH INDIA.

MR S LAING

2nd July 1872

7726 You perhaps know that in this Country those Local Authorities are subject to the greatest unpopularity, who are the most improving in the way of drainage and other purposes, which the locality often very much requires?—These things are all questions of degree, still, I think, you may assume that most Indian communities would be satisfied with a less amount of those improvements than an English community would, rather than pay for them, that where an English community would rather pay and have the water or the schools, the Indian communities would rather not pay, and go without them

7727 Now, is it the fact that the Road Cess falls entirely upon the ryot, half indirectly and half directly?—Of course it is always a question, where part of a tax is imposed on the landlord, how far he recoups himself in the rent

7728 In such a case, as it is very often done in England, it is settled in the rent?—Yes, I suppose that, probably, in the long run, the laws of supply and demand bring the rent up to the point that people can afford to pay, and, therefore, in the long run it falls on the tenant in paying higher rent

7729 *Chairman*] If he can afford it?—Yes In Scotland, where Local Rates have generally been paid by the landlord, the landlord has been, I should say, a good deal more than recouped by the higher scale of rents

7730 *Mr Cave*] Would you say that the expenditure, generally, throughout India has had the effect of very much increasing the prosperity of the Country and the rate of wages paid for labour? Enormously, both the scale of wages on that immense population, and the value of property of all sorts and conditions, have risen immensely since the mutiny

7731 You would say that, in all cases of expenditure for such purposes, whether wise or unwise, the question is one rather of degree than principle?—Yes, I think so I think that the Government of India is very much more a question of tact and ability on the part of the men who administer it, than one of the application of broad general principles

7732 You may go so far with your improvements as to be a bankrupt before you reap any return from those improvements?—I should hardly say bankrupt financially, but you may make yourselves very unpopular in India if you go on too fast

By proceeding too fast with improvements the Government may become unpopular

7733 Therefore, you would say that all that is required is great care in each individual instance, so as not to go so far and so fast as to be oppressive and unpopular with the people?—Yes, I should say that we have gone on extremely well in India for the last 10 years, and that our object should be to go on pretty much as we have been going on, exercising tact and discretion, and not doing things that will be unpopular, without a clear necessity for them

7734 *Chairman*] Do you think that the distinction, with regard to local expenditure, between India and this Country consists in this, that, in England, the people from long habit look to the Local Authorities and to local opinion as responsible for what is done in their District, and for any inconvenience or taxation that they suffer, whereas, in India, the people hold the Government responsible for everything that happens, whether done by Local Authorities or not, and decline to recognise any other responsibility or Authority but what they call the Government?—I should rather doubt that being the case, I think, in India, the tendency was rather the other way, to look to the man in authority in the District as the Great Man and Supreme Ruler, no doubt that may be diminished, somewhat, by the facility of intercourse by railroads with Calcutta, but, even now, I should think that a man in the Madras Presidency, where it is a question of Local Taxation, looks to the Chief Commissioner of his District and then to the Madras Government, quite as much as he does to the Supreme Government at Calcutta

Whether the distinction between local expenditure and that of the Government is as clearly understood in India as it is in England?

7735 I did not use the phrase the Government as representing any particular action of Government, but the view of the Natives is to consider every one engaged in the Government as part of one great whole, they do not enter into the question as to whether it is a Collector, or a Council, or the Government of India, but, to their mind, it is the Government, and they hold that Government responsible, is that your view of the subject?—Of course they have not the same faculty for self-government and self reliance as we have in England, and, therefore, they look more to the man at the head of affairs, I merely meant to say that they look to the Local Authority very much, and that a great man, in the position of Lieutenant-Governor or Chief Commissioner, by personal intercourse with leading natives, and so on, very often induces them to accept, cheerfully, what might have been unpopular, if forced on them in an arbitrary manner without explanation

7736 I meant that the people in this Country entirely discriminate between what are called Local Authorities and what is called Her Majesty's Government as regards responsibility for what is done in a District?—Yes

2120 You also mentioned the importance of moderation in taxation, with regard to making the holding of land valuable to the people who hold it?—Yes, I think that property in land in India depends on that

SIR C WINGFIELD,
K C B

2121 Then you are, perhaps, confirmed in that opinion, I mention to you that, in the Madras Presidency, millions of acres were left uncultivated in consequence of the excesses in the land-tax?—I have read a great deal about the Madras Land Revenue Settlements in the Fifth Report of the House of Commons of 1812, and the Minute of Sir Thomas Munro, and of the other Madras officials It was moderation in the demand, lowering the demand, that restored the prosperity of that Country. All property in land had been nearly annihilated under the Mahomedan rule

2122 It was computed that when Lord Harris lowered the Cess, in one District alone upwards of 60,000 acres were brought under cultivation?—I can well believe it.

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CHAPTER XI

SIR C J WING
FIELD K C S I
25th March 1873

Employment of the
people on public
works

The expenditure of
the road cess will not
apparently add to
the value of the land

Sir C Metcalfe
said that the native
road was as good a
road as the country
people wanted

Objection of the
people to an increase
of Cesses during the
currency of a land
settlement is univer-
sal, never knew any
man voluntarily con-
sent to pay one far-
thing more than he
was bound by his en-
gagement to pay,
what was called volun-
tary consent was a
mere farce

The custom of
forced labour having
been converted into
a money payment in
the original road cess
in one per cent, any
increase of that rate
faring the currency
of a settlement, as a
further commutation
of the value of forced
labour, is not conceiv-
able.

2123 With regard to the employment of people in carrying out public works, I may mention to you that the people of the Madras Presidency, most heartily and willingly, gave their labour for making all Irrigation Works. These works were immediately beneficial to the land, and they turned out in hundreds, and received remuneration only at a very low rate. That would be an instance where people would willingly contribute labour and time for carrying on their own public works?—Yes, and, in some parts of the Country where a cheap native system of irrigation could be carried on from streams running out of the hills, I have known the people, there, to come to the European officer, and say, "Help us to make an Irrigation Work from this point to that point," and they would give their labour.

2124 But, you are aware that, in the Madras Presidency, the thousands of tanks upon which the fertility of Madras entirely depended, were almost entirely supported and kept up by the voluntary labour of the people?—I dare say that was so.

2125 *Mr Candlish*] As a matter of fact, will the increase of $2\frac{1}{2}$ per cent in the Cesses add to the value of the land by making roads and bridges?—I can hardly say that it would appreciably add to the value of the land. I do not say that the money will not be well spent.

2126 Would not any increase of intercommunication tend to the value of the land through which roads pass?—If you assume a Country destitute of roads, and, then, immediately make some, of course the effect will be very remarkably felt. But the Country was very well supplied with roads. Additional funds would, no doubt, improve them, but the Communications were at such a point that any very sensible increase in the value of land from improving them was not to be expected.

2127 Would the improvements which this expenditure would effect, give an increased value to the land?—I should think hardly appreciable.

2128 Would you regard the money as wasted?—No, I do not say that it is wasted, because it is always better to have a very good road than a moderately good road, and additional convenience would be secured, but, as to saying that it would have a direct effect on the value of the land, I do not think that things were at that point, that any very large advance in the value of land was to be expected by spending $2\frac{1}{2}$ per cent more upon roads.

2129 Better roads would give facility of intercourse, and would cheapen intercourse, would they not?—As a general principle that is so, but that is very much modified by local circumstances. No less an authority than Sir Charles Metcalfe said that the native road was as good a road as the country-people wanted.

2130 That would not apply to bridges?—No.

2131 If bridges are an improvement, would not the people get value for that increased Cess?—The money would be well laid out, but my objection is to the principle.

2132 I am asking you as to the matter of fact, do you think that they would get value for the increased Cess paid?—I think that is a matter which might have been left to the people themselves, I think they are very good judges of what improves the value of their land.

2133 Are there any other instances in which the Cesses have been similarly increased, in addition to Oude?—Yes, in the North-Western Provinces they have levied a Cess on the owners of land, an additional Cess for roads, and other purposes. In the Punjab they have done the same.

2134 Is there a universal objection to this increase?—I should think, certainly, because I never knew a landholder in India like to pay more than he was bound to pay, I never knew any man voluntarily consent to pay one farthing more than he was bound by his engagement to pay, I know that what was called their voluntary consent was a mere farce, it was a demand made by a man who had a thousand means of annoying another, upon that other, to agree to the proposals that he made to him.

2146 *Mr J B Smith*] Was it not the custom, in Oude, to force labour to make roads?—By the common law of India it is held to be a duty of the village proprietors to keep village roads in repair, and it would be necessary for that to be done constantly. I have no doubt, in Oude, when the king, or any great man, made his progresses through the Country, the zamindars were all ordered to put the roads in good repair.

2147 That was a custom of the Country?—Yes.

2148 That custom has since been abolished?—We consider that the Road Cess that has been imposed is in lieu of the obligation to repair roads. The obligation is commuted into a money payment.

2149 Then, in this new settlement, there was no clause abolishing forced labour, if it was found necessary?—Putting in a clause to abolish forced labour would be like forbidding any act that is notoriously forbidden. It has always been contrary to our principles to have anything like forced labour.

2150 But there was nothing in the new settlement which prevented the employment of forced labour, if it became necessary, was there?—Well, I should say that the whole principle and practice of our Government prohibited forced labour.

2151 But we are speaking now, not generally, but of Oude?—But when we bring a Country under British rule, we apply British principles to its administration.

2152 Even if you apply British principles in abolishing forced labour, may you not, instead of that, apply British principles in levying a Cess for Roads which were formerly made by forced labour?—So we did levy a Cess, and we fixed it at a certain amount.

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SIR C. J. WING

FIELD, K. C. S. I.

25th March 1873

2153 Is there any reasonable ground to complain of this Cess, it being for the benefit of those from whom it is collected?—There are no grounds for complaining of the Cess levied at the time of the settlement, under the settlement engagements. The ground of complaint is against the arbitrarily doubling that Cess, that is to say, taking twice as much as was agreed upon.

2154 But although they take more than was agreed upon, they abolish forced labour?—The British Government might just as well claim credit for not having continued slavery in Provinces where domestic slavery was in force, as for abolishing forced labour.

2155 Is there any analogy between the two cases?—I think so, both are repugnant to the principles of British administration.

2156 I suppose you are aware that it is not long ago since there was forced labour upon the roads in this Country?—Well, I never heard of it.

2157 The tenants were obliged to send men for a certain period to repair the roads, and that, in this Country, has been abolished, and in lieu of that we have levied highway rates. Is there anything unjust in doing the same thing in India, these highways being for the benefit of those who have to pay the Rates?—My position has been, not that there is an injustice in levying a Road Cess, but that, having agreed to levy a certain amount of Road Cess, for a given time, you ought not then, of your own motion, to go and break that engagement by levying a larger amount than you undertook to levy.

2158 Was it levied for the purpose of Road Cess only?—So much Road Cess, so much other Cess, three Cesses. I read out in the extract. That is the simple point that I am contending for, when you have made a compact you ought to abide by the compact. You regret, perhaps, that you did not levy more, that you did not provide for a larger contribution than you did. Very well, you must wait till the settlement has expired, and you come to renew it, before you can increase it.

2159 But, as I understand it, the contract was that you should levy a certain Cess, and you had also the right of employing forced labour?—I do not see that you had a right of employing forced labour. At all events, as to the obligation, by the common law of India, on landowners to repair roads, you commuted that for a money payment, I only want you to abide by that money payment.

2160 How would you prove that that was commuted by a money payment?—Because it was. I mean to say that that was the object of levying a Road Cess. The right to levy, or the principle of levying a Road Cess was, that landowners were bound, under native usage, to repair roads.

2161 Lord E. Fitzmaurice.] Your objection then is to the increase and not to the levy itself?—Certainly, when the Settlement expires, and you come to make new engagements, if you think that the amount fixed at the last settlement is not enough, then propose double or treble, and, if the zemindars agree, there is no objection.

2162 Are your present remarks applying only to Oude?—They apply equally to the North-Western Provinces and to the Punjab, where, similarly, they have imposed additional Cesses on the landowners for roads, wherever, in short, the settlement engagements have been departed from.

2163 Then your remarks, in fact, apply to those three Provinces that you have mentioned, but do they apply also to Bengal?—That is a larger question which I should hardly like to commit myself to an opinion upon. It has been a very controverted question. You have the highest authorities, who have given their opinion both ways, but Mr. Stephen supported the levy of Cesses in Bengal, and said that it was not contrary to the Permanent Settlement, on this ground, that the Permanent Settlement left the question of Cesses entirely untouched. That is his ground, nobody thought of Cesses in those days, nobody thought of Education or District Post, or anything of that kind, and therefore, he said, you cannot suppose that they precluded themselves from dealing with such questions, at a subsequent time. But in these Provinces, the North-Western Provinces, the Punjab and Oude, the question of Cesses was dealt with and provided for. It is the breaking of this engagement by adding to the Cesses that I complain of.

2164 You mentioned just now a sort of consent that was got from some of the owners to this addition, what form did that consent take?—The Talookdars have an Association, what they call the British Indian Association, in Oude, and they had a meeting of the Association, and they signified their consent to doubling the Cesses, but, as I say, of course that was not done voluntarily.

2165 I understood you also to say that it was only the consent of the large proprietors, that is to say, the Talookdars?—Certainly, the others were never asked.

2166 The small proprietors were never consulted at all, and, so far as they were concerned, it was perfectly arbitrary?—Yes.

2167 Mr. Lyttelton.] The word Local is quite arbitrarily used in India, is it not, it may apply to areas as large as Oude or Bengal?—Yes, the term "Local Government" applies to each separate Government.

2168 There is no analogy in that use of it, with our idea of Local Taxation?—No, our Local Taxation implies self-government and self-taxation, I think.

2169 Here it always applies to areas extremely limited in extent, whereas, in India, it may apply to Bengal?—Yes, but then the taxation in each District would be levied separately per District, and spent separately per District.

2170 Was not the Road Cess in Oude levied for the whole of Oude?—No, it was always the practice to let each District spend whatever it contributed as Road Fund.

There is no analogy between local taxation in India, which is taxation by the Government, and local taxation in England, which implies self-government and self-taxation.

Cesses on Land Revenue

CHAPTER XI

SIR C WINGFIELD,
K C B

25th March 1872

As regards the effect on the minds of the landholders, there is not the least difference between imperial and local taxation

2171 Of what extent were the Districts?—They averaged, I suppose, about 120,000/ of land revenue a piece

2172 Could the advantages derived from the Road Cess be brought home to the minds of the population in the same sense as they are in England?—I think that all classes of landholders acknowledge the benefit which has been produced by making good roads

2173 Do you think that there is a difference, in practice and in principle, between adding to the land revenue for local purposes and adding to it for Imperial purposes?—No, I do not see any difference at all, when you have once made your contract you are bound by that, for the term. As I have said before, the reservation of that power to impose Local Cesses may be so worked and used, as to take away all the value of the limitation of the demand on the land, I have known people who, I think, would abuse it

2174 Do you think, as far as its effect on the minds of the landholder is concerned, there is any difference between Local and Imperial taxation?—Not the least

2175 *Mr Eastwick*] When you sent up that Memorandum either to the Secretary of State, or to the India Office, to which you just now referred, what was your object I should like to ask, did you expect that they would withdraw this additional Cess?—No, I did not expect that they would, but I thought it was due to myself, having given an assurance that that cess should not be increased during the term of settlement, to let the Secretary of State know that, and also I thought it was right that he should know the nature of what had been done

2176 But I should like to ask whether you think it could have been withdrawn, at that time, after our having imposed it, would it have been possible to have withdrawn it?—They had got the consent of the Trilokdas, and they could always fall back upon that, but, as regards the other people, whose consent was not asked, of course they might have withdrawn it

It would be politic to withdraw the recently enhanced cesses in the North Western Provinces, Punjab and Oudh

2177 Do you think that it would have been politic to have withdrawn it?—I think it would have been politic to have withdrawn it there, and I think it would be politic to withdraw it in the Upper Provinces, and in the Punjab, where they have done the same thing. And I say my view has always been that the first condition of our policy in India is to avoid giving the slightest colour to the imputation of not keeping our word

DECENTRALISATION OF INDIAN FINANCE

*Local Taxation*MR S LAING,
3rd July 1872

The reduction of the income tax has been accompanied by a great increase of local taxation

7697 *Sir C Wingfield*] There has been a very sensible reduction of the Income Tax, as you have just observed, and a large number of persons have been relieved of it, but concurrently with this reduction of the Income Tax, local taxes have been imposed by the Local Governments, for instance, the Education Cess in Bengal, one half of which has to be paid by the cultivator, rates on land in the North-Western Provinces, Oudh, and the Punjab, which will fall on all proprietors, a tax on the incomes of the non-agricultural rural classes of the Bombay Presidency, when those incomes amount to 50 rupees, so that thousands are really brought now under taxation who never paid Income Tax, I might say hundreds of thousands?—Yes, that may be the case

7698 Therefore a reduction of Income Tax, so far from being a relief to the many, has, rather, been the signal for imposing new burdens upon them?—But then in the Local Taxation, I should think, as a general rule, they get full value for their money in local benefits

The expenditure of local taxes for local objects must reconcile the people to the taxes

7699 But do you think that it makes a tax more palatable to the people that it is imposed by a Local instead of the Imperial Government, and do you think that the people, at present, sufficiently appreciate the objects on which these taxes are expended to induce them to contribute cheerfully?—I should say so, for some objects, and in some localities, certainly they do. I have known a great many instances where I have been told of the natives voluntarily acquiescing in Local Taxation for the object of roads or tanks for irrigation. As regards education, I am not so sure about that, I think it is very probable there that the Government may be ahead of native opinion

On the other hand the local Governments, in their desire for the material progress of their provinces, might eagerly push local taxation

7700 And is there not also this danger in Local Taxation, that measures affecting a particular Province such as Oudh or the Punjab, or the North-West Provinces, where there is little or no independent European or Native opinion, are much less likely to attract attention and publicity than similar measures of taxation which affect all classes of the Empire?—Yes, that may be so, but my impression is that, as a general rule, the Local Taxation would only be imposed for very useful objects, and where the persons in authority, and immediately responsible for the tranquillity of their Provinces, have reason to believe that they would not be extremely unpopular

7701 On the other hand, has there not been always a great desire on the part of Provincial Governors to signalise their Administration by some great works?—By improvements, certainly, I have no doubt that is one of the incidents of our British rule in India, it is administered by a number of superior men in the different Provinces, each of whom is wishing to distinguish his Administration by giving an impulse to improvement and civilization, in doing that, his rule is perhaps not always so acceptable to the Natives as if he were to sit still and let them go to sleep and do nothing

Decentralisation.—Local Taxation.

7702 But is there not this danger also, that, in his desire to make these improvements, he may be led into imposing unpopular taxes?—No doubt, and, therefore, each case must be judged by itself, and weighed on its own merits, you want a man of tact and discretion who knows how to draw the line between the stagnation which perhaps the Natives themselves might desire and pushing on too fast

7703 There is a danger, is there not, that such measures of taxation are more likely to be carried through in a high-handed manner in spite of their unpopularity by a Local Government than would be possible in the case of measures brought to bear on the whole Empire, and in face of an enlightened public opinion in the Presidency towns?—Of course, there is always some danger where you give power to Local Authorities of its being abused, but if, in order to guard against the remote and possible danger of that power being abused, you attempt to centralise every thing at Head-quarters in Calcutta, I believe you will run into a very much greater danger

7704 You said in your former evidence, "If the Government of India had been left a freer hand, under the action of public opinion surrounding them in India, both European and Native, my belief is (I do not know whether it is right or wrong) that some of these taxes would not have been maintained, and that they have been maintained in consequence of some pressure from Home," now I wish to ask, is it not the case that the local taxes have latterly been imposed in the face of very strongly expressed opposition from public opinion, both European and Native, and that their discontent has found vent in numerous petitions addressed to the Secretary of State against the proceedings of the Government?—I am not aware that the Local Taxation has produced anything like general discontent. I am aware that questions have been raised in Bengal especially, under the Perpetual Settlement, as to how far the zemindars will object to Local Taxation or not, but, with that exception, I am not aware of anything like general complaint

7705 Are you not aware that petitions have been addressed to the Secretary of State from Calcutta, Allahabad, Bombay and Madras, against recent measures of Local Taxation?—Yes, but, now-a-days, I do not attach so much weight to petitions of that sort, because India is brought so very near to Downing Street, and there have been so many instances of reversals of decisions taken in India, that it seems to me the most natural thing in the world that anybody dissatisfied with decisions taken in India, should take his chance of appealing to Downing Street

7706 Have you not heard that Lord Mayo said, in a Minute written about a year before his death, that it was impossible to exaggerate the danger of the discontent produced by our incessant measures of taxation of late years?—I understood that to have reference more to the Income Tax. My own impression, right or wrong, is that the Income Tax, in itself, has caused ten times more discontent throughout India than all the Local Taxes put together

7707 But the great increase of Local Taxation that I have referred to has only taken place within the last two years or so?—Yes, I still am of opinion, from all that I have seen of the expression of Indian public opinion, that the Income Tax has been by far the most unpopular, and it is the one to which most opposition is directed, and I would observe, as regards these Local Taxes, that, if any particular tax is very unpopular in a District, many of these Districts now have their own Legislative Councils, and their means of expressing an opinion, and that influence brought to bear upon the Local Government and the Governor General will, I have no doubt, secure redress for anything that is really wrong or oppressive

7708 For instance, a tax on the incomes of the Non-agricultural Rural Classes of Rs 50, that goes considerably lower than an Income Tax ever did before?—Yes

7709 And therefore must be felt to be still more oppressive than the Income Tax?—Well, I believe the circumstances of India are so extremely different in different parts, that that is the great argument in favor of Local Taxation. Many things, which, if you apply them universally throughout all India, would be unsuited for a great many places, and produce much discontent, may on the other hand be very well suited for other places and be carried out without discontent, and I think you may try a number of very useful and interesting experiments in the way of taxation on a small scale, and if you have made a mistake, you may easily remedy it, and that, on the whole, it will excite an amount of public opinion and agitation on these questions which, though it may be rather inconvenient to us as a Governing Nation, is, on the whole, very useful as a means of educating a great nation like the Indian people

7710 Do you concur in the opinion expressed by Lord Lawrence in a Minute, that the people of India are very impatient of taxation, except of the peculiar kind to which they have been accustomed?—Yes, I think so

8000 *Mr. Fawcett*] Passing to the subject of Local Taxation, I believe that you have devoted a great deal of attention to the growth of Local Taxation in India, have you not?—Well, it forced itself, in the same way, on our attention, inasmuch as our servants and dependants were oppressed by it, and came to us for advice

8001 *Chairman*] When you speak of Local Taxation, do you refer to the Local Taxation that exists in some towns and places of India on houses, horses, and carriages, or to what class of Local Taxation do you refer?—I mean the new taxes imposed on the poorer classes

8002 Will you just enumerate those, if you can, shortly?—Some of these taxes have been abolished, but their number quite confuses the people, and the changes in their rates equally so.

CHAPTER XI

MR S LANE,
2nd July 1872

The danger of extreme taxation is greater with local than with imperial taxation

Has not local taxation been imposed in the face of very strongly expressed opposition from public opinion?

MR. DACOSTA,
5th July 1872

Decentralisation — Local Taxation.

CHAPTER XI

MR DACOSTA,
5th July 1872

The police rate, or
chowkeedaree tax, is
an inquisitorial in
come tax

Besides the dis-
content from direct
taxes, there is the un-
easiness from constant
proposals of new
taxes

8003 Will you specify what are, in your mind, which you call the Direct Local Taxes?—The Income Tax, the Certificate Tax, the License Tax, the Chowkeedaree Tax

8004 What do you mean by the Chowkeedaree Tax, the Police Rate?—No, it is an additional tax, imposed for the first time to the best of my knowledge in December 1870, but under an Act which was passed in 1855-56, the operation of which appears to have been stayed on the petition of some Native Associations

8005 But what is it?—It is a tax levied, at the option of the assessor, on the rental, or on the general circumstances of the man

8006 For the payment of what?—For the payment of chowkeedars, who are watchmen

8007 Then it is a police rate?—Yes, but it is in addition to what is called the police rate, and is a new tax, and it is very inquisitorial from the fact that when a man pays a small rent, they look into his circumstances, and try to find whether he has got any income which they can reach, therefore it is another shape of income tax

8008 You were going to enumerate some other taxes as the local taxes to which you refer?—The increased House Tax, the Road Cess, and the Education Cess

8009 *Mr Fawcett*] Then, in addition to these taxes which you have enumerated, the people have been kept in a constant state of uneasiness, I believe, in consequence of various other taxes being from time to time proposed A short time since there was a tax proposed upon Feasts, was there not?—There was

8010 And another tax upon Marriages?—Yes, and upon Tobacco

8011 So that, when you estimate the amount of public discontent that has been created, you must take not only the taxes that have been imposed, but also the imposts that have been threatened?—Yes, but then anxiety was greatly increased by the circulation of false rumours, emanating, it is believed, in fact it is known, from the police and underlings of the Magistrates' Courts for the purpose of extorting bribes

8012 What do you mean by that, is it that, owing to these constant proposals of various kinds of Local or Provincial Taxes, officials tell the people that taxes have been imposed when they actually have not been, and in that way they extort money from them?—Yes, in some instances it has been said that a tax has been imposed, and money extorted on that pretence, in other instances, it was said that the tax was about to be imposed, and money was extorted from persons on the plea that their names would be kept out of the list of those who would be taxed

8013 In addition to those taxes that you have enumerated, you have mentioned the Income Tax as a direct tax, but you mean by that not the Imperial Tax, but in some parts of India, for instance in Bombay, a Local Income Tax has been imposed, has there not?—There was a tax imposed in Bombay which reached incomes of £5, and which, therefore, could be realised only through underlings on very small salaries, and exposed to all the temptations of receiving bribes

8014 Taking the Chowkeedaree, you know the manner in which that has been levied because I presume you have paid that tax, have you not?—I have, it was levied, in my case, on the rent of my house, and I never referred to the Act until I was asked what were the circumstances of some native clerks employed in my office, and I then found that it was optional to assess them according to their general circumstances

8015 So that, from your own experience, you know that the system of assessment of this particular tax was so vague, that it would give great room for oppression and extortion?—Exactly, and for corruption and misstatements

8016 Have you any further remarks to make, from your experience or from official documents, as to the effect that this Local Taxation produces upon the people?—No, not beyond what I have said, without repeating what others have said on the subject

The zemindars' por-
tion of the road cess
in Bengal will be re-
covered by them from
their ryots

8017 I mean, have you with you the opinions of any official persons to strengthen your own testimony on the point?—With regard to the Road Cess, it has been the opinion of most of the officers who were consulted on the subject in 1870, that the portion payable by the proprietors of land would ultimately fall on the ryots or cultivators, as the zemindars would compel them to make it good to them

8018 That is the opinion which was generally shared in by officials, was it not?—It was

8019 Having lived in India for 30 years, and taken great interest in the people and Country, which I believe you have, have you noticed any change in their attitude towards the British Government?—It is very difficult to give an opinion on that point, because the Natives of India are very reserved in any manifestations of that sort, and no indications were given to show that the Mutiny of 1857 was at hand

The increase of
taxation has created
a great deal of discon-
tent, irritation and
despondency

8020 But what is your opinion as to the effect on the public mind, produced by this increase of taxation, has it produced discontent?—What we could well see was, that it created a great deal of discontent and despondency, and in some parts a great degree of irritation

8021 But do you think that the people are more despondent, less hopeful than they were?—Well, I will quote the words of some of the people that came to us When the Income Tax was doubled in the middle of the year 1870, the cultivators in Purneah, where our indigo factories he, had already paid a tax which they thought exempted them from further taxation for that year They came in great numbers to the factory, saying, "Why

Decentralisation — Local Taxation

docs the Sirear" (that is the name by which they designate the Government) "not tell us what money is required? We have been told that the Government is in debt. If they will say what amount is wanted to clear the debt, and will collect it through the heads of our villages, they will collect it from the men, and take it to the Collector. We shall sell our cattle and ploughs, if necessary, and wait till we can buy others, but, this year, we have commenced our cultivation, and, in the midst of it, our cattle and our implements are taken away from us to pay this addition to the Income Tax." They came in large numbers with such a tale

8022 Does it at all reconcile the people to this Local Taxation, of which you have been speaking, that it is said to be spent for local objects in which they are interested?—It cannot reconcile them, because they do not understand it, nor has it been so spent, and, as a proof of that, the chowkedaree tax levied in the District where I reside has not, evidently, added a single chowkedaree to the establishment which existed before

8023 Then what has been done with the money?—It probably went to pay some Deficit in the Fund, as most of the Municipalities are in debt

8024 A Deficit in Imperial Funds, or Local Funds?—Probably Local Funds

8025 Then the people have no security, or do not feel any certainty, that money raised for any particular object will be spent for that object?—None

8026 Have you at all considered the Decentralisation Scheme which has been explained to us by General Straehy?—I have, and it has impressed me, only, as a means of increasing taxation by throwing on the Local Governments the burden of that increased taxation

8027 *Chairman*] Is it not rather a shifting of responsibility and administration?—Worse than that, it is a mode of rendering further taxation absolutely necessary

8028 *Mr Fawcett*] Do you mean it will have this effect, that it will lead to an increase in the aggregate amount of Local Taxation, because these local taxes are not brought so much under public opinion, not known so much, and therefore Local Taxation may be increased with greater impunity than Imperial Taxation?—That might be one of the objects

8029 Do you think that will be one of the results?—It must be, because the Local Taxes are not brought before the public in the same prominent way as the Imperial Taxes are

8030 From your evidence you evidently think that it is essential that this increase of taxation, or rather this constant imposition of new taxes, should be checked, but if it is checked, in what way would you propose to provide the money?—Well, the increase of taxation has been so great, during the last 10 years, that the difficulty ought to be met by a retrenchment in the Expenditure

617 *Mr Fawcett*] You used the expression that the East India Company managed the finances of India on the general principle that the revenue ought not to be considered elastic?—Yes

618 Do not you think that that was a very wise principle for them to maintain?—I think it was exceedingly wise for them to maintain, because we were a new, strange, foreign Government, suddenly called to the administration of a great Country which had been accustomed, time out of mind, to be governed despotically. They never had any confidence even in their own Rulers, still less in us, so that they looked with the greatest dread upon new taxation, and especially upon the Income Tax, which is a wonderful instrument for diving into the pockets of the people and then prevailing feeling was that their only real protection was what they called "dastoor," that is, established custom, and they relied upon established custom as upon a constitutional right. The East India Company, which founded our Indian Empire, were quite aware of these circumstances, and, while they abolished the most oppressive of the old taxes, and endeavoured to regulate those that remained, they carefully abstained from new taxation

619 Then this principle, which was observed by the East India Company, and which has not been observed so carefully since the abolition of the East India Company, you regard as constituting what ought to be the cardinal principle of Financial Administration?—Yes, certainly, it ought to be our cardinal principle until we have finally remitted the income and expenditure into the hands of the people of India themselves, by a proper system of Local Administration, whereas, in fact, since the Mutiny, we have been doing nothing else except inventing new taxes, we seem to have forgotten, all at once, the old maxim, that the true plan was keeping down expenditure, and to have exercised our ingenuity in inventing and discussing, and elaborating all sorts of new taxes, Income Tax, License Tax, Tobacco Tax, Succession Duties, Marriage Tax, and all sorts of taxes

620 And the evil which you describe as resulting from this state of things, namely, the constantly inventing, elaborating, and discussing of new taxes, is not to be estimated by the financial burden which they impose on the Country, but a great part, and probably the greater part, of the evil is due to the alarm and worry, and irritation and uneasiness which they cause?—Yes, by far the greater part. The Income Tax of one per cent is a case in point. The one per cent is nothing, the native Sahooears would have no objection to pay one per cent, if they were sure that was all, but they do not like to see a machine maintained in action, which, by a few turns of the screw, would make the one per cent 10 per cent, besides all the inquisition and extortion of the unprincipled native officers, which is worse than the 10 per cent itself

1080 *Mr Grant Duff*]—You said, in answer to Question 682, that the perpetual discussion of new forms of taxation has had a very discomposing effect, and you say, in answer to Question 764, that, before our time, the question was not what was taxed, or what was not taxed, in

CHAPTER XI

MR DACOSTA,
5th July 1872

The spending of local taxes for local objects does not reconcile the people to the taxes

The decentralisation scheme will increase local taxation, which is not brought before the public in the same way as imperial taxation. The increase of taxation has been so great during the last ten years, that there should now be a reduction of expenditure

SIR C E TREVELYAN,
K C B,
21st February 1873

To the people of India, established custom is in the place of a constitution, and new taxation imposed by foreign rulers is regarded with great dread. Quite aware of these feelings, the East India Company abolished the most oppressive of old taxes, and carefully abstained from new taxation, whilst since the mutiny we have done nothing else except inventing, discussing and elaborating all sorts of new taxes

Decentralisation—Local Taxation.

CHAPTER XI

SIR C E TREVE
 LXAN,
 4th March 1873

fact everything was taxed. Now I want to ask you, has the British Government of India discussed one tax for 10 that the previous Governments levied? If it has not done so, surely there is some exaggeration in the talk we hear about the discomposing effect of our discussion of new taxes?—The two statements are perfectly consistent. The Native System was, as I stated, a system of universal low taxation, petty taxation, I could mention many laughable and immoral instances of it. Everything whatever was taxed, but the rates were extremely moderate, and each particular exaction was only slightly felt. The natives had become thoroughly accustomed to it from long tradition, it had almost become part of their nature, it had become the dustoor, the common law of the Country, and it did not, in the least, alarm them, because, although vexatious, yet they had no fear of any further inquisition or any further extortion, whereas, now, the Income Tax is a portentous instrument of inquisition and exaction, it is a machine by which you might dive into the purses of the natives to any extent by giving a few turns to the screw.

1081 How many in a thousand, does it affect as it is levied now?—It depends upon the minimum income assessable, and we have rung all the changes upon it.

1082 As it is now, how many in a thousand does it affect?—I think one in a thousand now, but then the question occurs all over the Country, in reference to everybody, whether he is that one or not, and that is the point of extortion, whether a particular individual should be included in the taxable number.

Perpetual discussion of new taxes

1083 Then, with regard to the phrase, "perpetual discussion of new taxes," by "perpetual" I suppose you mean occasional?—No, perpetual, the commencement was what I called, in the Minute for publishing which I was recalled from the Government of Madras, the three tremendous taxes proposed by Mr. Wilson, namely, the Income Tax, the License Tax, and the Tobacco Tax, an universal Income Tax, an universal License Tax, and an universal Tobacco Tax, I sacrificed all my prospects of official advancement to the duty of preventing that at all hazards.

1084 How many new taxes have thus been discussed?—Since that, every possible tax has been discussed.

1085 Have there been a dozen discussed?—Yes, I could name a number.

1086 Do you think you could name a dozen?—I dare say I could, in fact, the Income Tax has been constantly under discussion in its various forms of Income Tax, License Tax, and Certificate Tax, then there is the Tobacco Tax, the Succession Duty, and the tax upon Betel Grounds.

1087 Have there been a dozen?—I feel sure there have, the Government of India sent a Circular to all the principal officers in India, asking them to suggest taxes, and asking their opinion upon different taxes, and I will answer for it that if those papers were consulted, it would be found that there were a great many more than a dozen.

1088 Were many of these taxes, or were any of them, taxes that had never been levied by Native Governments in India?—In some form or other they had all been levied by a Native Government, but it was under the circumstances I have described, it is a very old observation that the Natives are extremely tolerant of established burdens, the meaning of that is, that they have been accustomed, time out of mind, to live in a despotic Country, and they look at established custom as a sort of constitutional protection, the moment that is departed from they become alarmed.

Taxes which are obviously to be spent for the people's benefit are more willingly paid

1377 Sir C Wingfield] But do you think that it makes much difference to the people with regard to the willingness with which they pay a tax, how the money is to be spent?—Yes, I think it makes a great deal of difference. If it is obviously to be spent for their immediate benefit, they are more willing to pay the money than they are if it is to go to a distant treasury, and to be spent in ways they know nothing of, and care nothing about.

Sir C Wingfield's experience in India was that it is utterly immaterial to the people how a tax is spent

1378 Would you be surprised if I state that my experience is, that it is utterly immaterial to them how the money is to be spent, and that what they do not like is having to pay it? When I was in India, if I had wanted £10,000 from a District, whether I had said it was to build a house for myself or a hospital for them, it would have been perfectly immaterial to them, they disliked paying it not more in one case than in the other?—There is a growth of opinion in India. I think that the people of India are rapidly improving and requiring just ideas on this, as well as on other subjects. The only true analogy is the village communities. There we have the municipal system in full vigour on a small scale, and, as you know, they have worked admirably.

1379 You mentioned the case, I think, the other day, and you are well aware that the attempt to levy a House Tax for Municipal purposes has led to serious riots amongst other places in Benares and in Bueilly, in Bueilly, I think, a British officer was killed, however, it has led to serious riots in a great many large towns in India, and it has been always a subject of very much apprehension to the local officers. There was an instance, if any, where one would think that the mode of application of a tax would reconcile the people to levying it, that is, a tax for police to guard their towns, and yet no tax has given rise to more serious discontent. Does not that show that the people are not reconciled to an impost, because it is for municipal objects?—You are speaking of occurrences which happened more than a generation ago. Wilberforce Bud was Magistrate at Benares when that disturbance took place, and he died, at a good old age, a great many years ago, the people of India have grown in knowledge, and in their confidence in us, and they are willing now to receive institutions, and new modes of administration, which they were not prepared for in former days. One of the best things

Decentralisation — Local Taxation

I did during my financial administration of India was, with great labour to gather together all the strings of Local Administration in the shape of a Resolution of the Supreme Government upon decentralising the police expenditure, dated in August 1864. This was a comprehensive measure of local chargeability and local self-government which would have been impossible in former days, yet it was generally accepted, and became the foundation of the further step in advance which was taken by Lord Mayo.

2117 *Sir G. Balfour*] You have expressed opinions, and permit me to say very sound opinions, with regard to the importance of keeping good faith with the people of India. I would ask you also, with regard to moderation in taxation, your opinion as regards the great importance of moderation in taxation as regards our military expenditure?—That is very important.

2118 With regard to levying Cesses, there is no more difficulty, as a matter of account, in assigning the proportion of the General Imperial Revenue for local expenditure, than there is in collecting it separately for separate Heads?—No, there is no more difficulty in it, of course. The object of the Government of India, as I understand, in this Decentralisation Scheme, was to relieve themselves of the burden of supplying a certain amount of money, by throwing that burden on the Local Governments.

2119 Then, practically, it is simply nothing more than levying additional taxation?—Most decidedly, that has been the effect. In fact, the exemption of incomes from assessment to the Imperial Income Tax, and the lowering of the Imperial Income Tax, while it has relieved a few, has subjected the many to new taxation. In fact, it has brought hundreds of thousands under taxation who never paid Income Tax before. The Hon'ble Member for Brighton was, I think, asking on the last occasion about this tax on the Non-agricultural Rural Population in the Bombay Presidency, and, referring to some notes which I have, which I extracted from the debates in the Bombay Legislative Council, I find that, when the Act was under discussion, it was estimated that it would bring 700,000 people under taxation. Now I do not think that when the Imperial Income Tax was at its lowest, that is to say, going down to the lowest scale of incomes, when it reached incomes of 200 rupees, much more than 100,000 of people were brought under taxation to the income tax, and here is one tax alone in Bombay which is estimated to bring 700,000 people under it.

5593 *Mr. Fawcett*] With regard to Local Taxation, you, probably, are aware that, in consequence of the policy described as the Decentralisation Policy, various Acts have been passed which give Local Authorities the power of taxing almost every article which is worn or consumed by the people of India, that this possible amount of taxation is constantly bringing over them?—I am not prepared to say that the Local Taxation extends to every article in the way that you describe, but, no doubt, the Local Taxation at one time was assuming very serious proportions. I think there is a good deal that may be said against some of the sources from which the Local Taxation was derived, but, at any rate, I am quite against making it in any degree excessive, and I think it was a very wise policy to limit it. But the people of the Country, if you are to have revenue for certain improvements about towns and so forth, do prefer paying it in the way that those Municipal Taxes were raised, rather than pay it in a direct way.

5594 But are not a great many of the Local Taxes which have been imposed, direct taxes, whereas, probably, if the wishes of the people had been consulted, they would rather not have had them direct, for instance, has not a House Tax been in many cases imposed when probably the people would greatly prefer an Octroi?—Not in any part of India that I personally know, I think in Madras a tax of that kind has been introduced since I came away.

5595 But this Local Taxation policy has assumed its great development since you left India, has it not?—Well, to some extent, it has, but when the Income Tax was given up, or when the law under which the Income Tax was raised expired by efflux of time, (it expired, I think, in August 1865), within a very few months it appeared to Sir Charles Trevelyan himself, that he would not be able to get along without something in substitution, and one of the measures that he proposed was to throw upon the Local Governments a considerable proportion of the expenditure on police, particularly of the towns. Well, they had no remedy, they could do nothing else but either absolutely refuse to respond to the call of the Government of India, or increase their Octroi Duties. As long as their Octroi Duties were very low, the people did not care about them, for they were hardly appreciable, but, when you came to raise the Octroi Duties in order to meet the increased expenditure on Police and other matters, then they began to be felt, and, as time passed, it became evident that if some modification was not made, the trade of the Country would begin to change, that, for instance, the merchants would make their depôts in the cantonments instead of in the towns, and, so, the matter was brought to our notice, and a modification was carried out, and a reduction of the Octroi was made.

5596 But the great development of Local Taxation took place under the Decentralisation Policy?—It is quite true, but what I meant to say was, that there was a bias that way from the time that we dropped the Income Tax.

6202 *Mr. Ayrton*]—Have you had your attention directed to the change that has recently been made in remitting the authority over public works to the Local Governments?—Yes, the change was made, to some extent, as a consequence of suggestions made by myself. The present arrangement is that there is a certain gross sum which is assigned to each of the Local Governments for expenditure on certain specified objects, among which, is included a certain part of the public works, that, so far as those objects are concerned, the Government of India

CHAPTER VI

S. C. J. T. 177

17th May 1873.

LORD LAWRENCE
G. C. B.

1st July 1873

The people do not like to pay direct taxes, and it was wise to limit the indirect taxes for municipal purposes.

There has been a tendency to increase of local taxation since towns police charges were thrown on most municipal bodies in 1865 and since the abolition of the income tax in that year.

MAJOR GENERAL F. S. LACKEY, L. F.,
1st June 1872

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CHAPTER XI

MAJOR GENERAL
R STRACHEY,
4th June 1872

waives its power of detailed interference The arrangements that I was describing refer to that part of the expenditure which has not been brought into the Provincial Grant

6203 You mean expenditure on public works that will still fall under the control of the Government of India?—Yes

6706 *Mr Fawcett*]—You stated, did you not, in your former evidence, that no Local Tax could be imposed without the consent of the Governor General, and that the Act which imposed it was subject to the veto of the Secretary of State?—I do not think that I did give evidence to that effect, but I believe that what you say is quite true

6707 Are you aware of the Punjab Municipal Act?—Which Punjab Municipal Act?

6708 The Punjab Municipal Act of 1867, there was a proposal to renew it recently?—Yes, it has been renewed, from what I see in the newspapers, for a year, I think

6709 A debate took place upon that in the Council at Calcutta on the 2nd of March in the present year?—I dare say that you are right

6710 Are you aware that the 6th Clause of that Act, in the most clear and distinct words possible, gives to town committees, having obtained the consent of the Lieutenant-Governor of the Province, and not of the Governor General, power to levy taxes for various local purposes, that they can say what the amount shall be, and on what property the taxes shall be levied?—Not having the actual Act before me, I cannot speak as to that, but I think there is no reason to doubt that what you have said may be in the Act, and I do not think that that is at all at variance with the other position, because, in the nature of the constitution of the Government of India, a Lieutenant-Governor is bound to comply, in every respect, with the orders that he receives from the Governor General in Council

6711 But, then, if the initiative comes from him, if he gives his consent, the tax is imposed and may, for some time, be levied?—But the Governor General in Council is always in a position to give general instructions, and, I believe, does give general instructions, to local authorities who have such powers under the Legislature, as to the general nature of the policy on which they should act

The amount of
municipal taxation is
considerable

6712 Is it not the case that, under this Clause (and I shall quote a high authority) which gives this power to town committees, an enormous amount of taxation has been levied in the Punjab and in the North-Western Provinces?—I think that the word “enormous” is not quite the right adjective, perhaps, but that a considerable amount has been, there is no doubt

6713 Are you aware that Mr F S Chapman, who is a high authority on the subject, a Member of the Council at Calcutta, stated as a fact, that in some Districts the Local Taxation which had been levied in this form amounted to 50 per cent of the land revenue?—I am not aware that he stated that, and, if he did state it, I should think it was probably inaccurate

6714 Why then was it not contradicted in the debate?—It may be accurate in one very restricted sense, if you take the actual geographical area which is comprised within the limits of a town, and ascertain what technically is the land revenue levied on that particular area, I think it is extremely probable that the Local Taxation will not only be 50 per cent, but 500 per cent more than the land revenue

6715 But his words carefully excluded that interpretation, he did not speak of Towns, but he said Districts, and no one contradicted it?—Not having been at the debate, and not knowing the circumstances under which the statement was made, I can give no opinion on it, but I totally disbelieve that there is any such condition of things in any part of India

And a high author-
ity stated that the
taxation was causing
greater discontent
than that produced
by imperial tax-
ation

6716 Should you be surprised if the Military Member of the Council, General Norman, speaking on the same subject, said that his experience went to the same effect, that the Local Taxation levied under this Act was increasing so much that it was producing amongst the people of India a much graver discontent than was produced by Imperial taxation?—It is possible he may have said so I have no knowledge of the fact

6717 As you doubt what Mr Chapman says on the subject, I can give you his exact figures, he says that in the Presidency of Bombay, from the up-country people, excluding the people of Sende, and the people of the Island and the town of Bombay, the amount of taxation levied in the manner which I have described amounted to more than half a million?—I think that that is a probable statement, but how it is possible that that can be 50 per cent of the land revenue of Bombay, I cannot conceive

6718 I did not say throughout Bombay, but in some Districts?—My impression is, that if he did say such a thing it was poetical

A great deal of the
existing local taxation
is intolerably bad
and the grant of un-
limited powers of tax-
ation to local author-
ities should be very
strictly controlled

6719 In the same debate, speaking on the perfectly irresponsible power which was vested in the Local Authorities to levy objectionable forms of taxation, are you aware that Mr Robinson also a Member of the Council, stated that, at the present time, in Madras, in the form of Local Taxation, they were reviving the old transit dues in their worst possible form, and this was causing a serious impediment to trade in India?—I think it possible that such a statement may have been made If, by the questions that you are putting to me, you wish to establish that I support the grant of unlimited powers of taxation to Local Authorities without very strict control, you are entirely wrong If, also, you think that I am prepared to support the propriety of a great deal of the existing Local Taxation, you would be equally wrong, I think that a great deal of it is intolerably bad

6720 You and I agree on that point, I want to get at the facts on your authority, then under the Scheme of Decentralisation, of which you were the author, I think it is obvious that, onerous as Local Taxation is at the present time, it must necessarily increase?—I think not

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6721 Not to meet the increased expenditure on public works?—I am not aware that there is any necessary call for increased expenditure on public works

6722 Not with all the schemes which, in your last evidence, you say that if you have not recommended, you have suggested?—Those schemes which I have suggested have nothing at all to do with the raising of money in the sort of way we are now talking of, that is to say, for Provincial purposes. The schemes which I have recommended to the Government are schemes to be carried out entirely by loan, on the security of the Imperial Taxation, and they would not affect in the least the Local Taxation

6723 But I understood from your evidence, that, as yet, the Government had not clearly and distinctly defined, in a way that I for one can understand, what works are to be considered works to be thrown on the Imperial Revenues, and what works are to be carried out through Provincial agency?—That is true, there has been no such definition. The Government of India, on every occasion on which a proposal has been made to take up a work to be paid for by borrowed money, has considered the character of the work, and the cogency of the reasons which have been made use of in supporting such a proposal, and have considered, on the merits of each case, whether the work was of such a character as to make it worthy of being carried out in that way

6724 Then, if there has been no clear, intelligible, and precise definition laid down as to what public works should be carried out by borrowed money obtained on the security of the Imperial finances, and what public works should be carried out by Provincial Funds, what security have we that some portion, at any rate, of these large public works which you have suggested or recommended will not have to be defrayed by Local Taxation?—I do not know that you can say positively that there is anything in the nature of security given that public money will not be applied for public objects of any description, either out of Local Taxes, or out of Imperial Taxes. I think, in the nature of the case, such security is impossible, that the only security that you have for the proper action of Government, is the sense of responsibility that is put upon the Government, and the sort of preventive check that there is on irregular action, by taking care that your Governors, and your persons entrusted with authority, are capable and honest men

What security is there that, under the scheme of decentralisation, some portion of the public works extraordinary expenditure will not be defrayed by local taxation?

6725 Then the people of India being, at the present time, sorely burdened by Local Taxation, the only security that they can have that this Local Taxation will not increase in consequence of these public works, is the assurance which they can place, whether it be great or small, in the care with which the Government watch over these public works?—I think that last remark, as to the security against further taxation, is perfectly true, with this extension that it not only applies to expenditure on public works, but to all expenditure, and I think it is invidious and erroneous to introduce the idea of public works as though the only expenditure that could be objectionable or wasteful was on public works

6726 In examining other witnesses I shall show that my dread about waste and extravagance in India is not, by any means, confined to public works, I can easily satisfy you on that point, but then do you think that the people of India can rest very content with that assurance, considering your own admission that, hitherto, vast sums have been spent in the Public Works Department without any adequate or sufficient control?—Before I answer the question I should say that, although I do not on every occasion correct expressions that are contained in the questions that are asked me, which I think call for correction in the way of extremely strong epithets and so forth, still I desire that it should not be understood that silence on such points at all implies that I assent to particular statements or sentiments which are contained in a question which is thus put to me. If you will allow me to go on, I will now answer your question and say, that when you talk about the people of India resting content, I do not think that, at the present time, there is anything in India which deserves the name of public opinion, not in the sort of sense in which "public opinion" is applied in a Country like England, or in a Country even in which progress has been very much less, at the same time I admit thoroughly, that, although there is not such a public opinion, the position of the persons who administer the Country should not, on that account, be considered to be one of less responsibility than if the country had arrived at such a state of advancement as to be able, so to speak, to take care of its own interests. Therefore, I think, that it is incumbent on the Government to do everything in its power to arrive at a satisfactory knowledge of what really are the particular and detailed wants, and even the wishes, of large portions of the community before taking up measures or determining to act upon them. And I carry my views on this subject to this extent, that I have, all along, thought, and I continue to think, that, coincident with this establishment of Provincial Financial Administration, there should be created some Local Consultative Body to which the financial schemes of each Local Government should be referred, bodies which should be in the position of discussing those schemes and proposals, of asking the Government and its officers any questions that they thought fit, regarding every part of any proposed scheme for expenditure or any proposed scheme for new taxation, and I think that it would be perfectly right, or necessary even, that in such bodies should be included a considerable number of the most intelligent of the Native inhabitants of the Districts which would be affected by the measures of the Government

6727 But, admitting the value of that opinion, still, as a matter of fact, this Decentralising Scheme, which gives Provincial Bodies increased powers of imposing Local Taxation, has been carried into effect, and these Consultative Councils which would represent the feelings of the Natives, and which you think necessary, exist only in the dim future, and the people of India have no security at all that they will ever get them?—I should not altogether assent to any tendency to over

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MAJOR GENERAL
R STRACHAN
14th June 1872

Consultative councils, which would represent the feelings of the natives, are necessary to restrain any tendency to over

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MAJOR GENERAL
R STRACHEY
14th June 1872

taxation under the
scheme of decentral-
isation

The scheme of de-
centralisation was in-
tended to introduce
as much economy as
possible in the ex-
penditure of public
money, and not to sti-
mulate local taxation

18th June 1872
India is not over-
taxed

that, the Local Legislative Councils in Bengal, in Madras, and Bombay, do, to a certain extent, give the means of the sort of discussion that I have spoken of, and in fact considerable discussion has taken place in those councils on such subjects as these. But it seems to me that, in the very nature of progress, it is impossible, (and the remark is not at all a novel one, or one that I need take any credit for), to develop, suddenly, a great and perfect scheme of administration. The only way in which progress in administration can take place is by steps, and it, obviously, is the natural course to adopt in extending financial administration to local bodies, to begin by giving them the power under reasonable control, and, then, carefully, to watch the operation of the new machinery, and to introduce, from time to time, any such additional supports or checks as experience shows to be necessary.

6899 *Mr Bourke*] With reference to what has been called the Decentralisation Scheme, the main object of that was to induce the Local Governments to exercise as much economy as possible in the expenditure of public money?—Certainly

6900 Now, it did not give them greater powers of taxation than they had before, did it?—Not at all, none

6901 Now, applying your mind to the questions which have been asked you by the Hon'ble Member for Brighton, with regard to the increased taxation which he seemed to think, and possibly justly, has taken place lately with regard to these local works, did the system that was introduced of Local Taxation give greater facilities than before existed, to the Local Governments to tax the people?—It made no change whatever

7002 *Mr Grant Duff*] And some questions were also put to you with regard to Local Taxation in India?—Quite so

7003 And an opinion was expressed that India is, on the whole, overtaxed, is that so?—There have been such opinions freely expressed. I do not refer to this room, but I mean in public discussion

7004 Now, what is your opinion about that?—Well, I think, that the only real test that any one can have of the effective weight of taxation, and the general result of the administration of a Country, is the actual facts as they exist in the condition of the Country. There will always be a great deal of rhetorical discussion in connection with such facts, one set of people will attach more weight to one matter, and another to another; but the real substantial basis on which we have got really to found a judgment is the facts as they are, and I think, myself, that the facts as indicated by the condition of the Country, are such as to prove, in the most satisfactory way,—at all events they do to my mind—not only that the finances have not been ill-managed, and that the Country has not been ill-governed, but that the contrary of those propositions is, most eminently, true. As regards the results of the taxation, and, particularly, as regards the result of the expenditure on the great public works that I have particularly been questioned about, I would point out what follows. In the year 1861-62 the total charge for the public debt of India was 5,191,000*l*, against which there was a set-off of 34,000*l* in the shape of receipts of interest, giving a net charge of 5,157,000*l*.

7005 *Mr Fawcett*] Does that include the interest on Guaranteed Railways?—No, in 1872-73 the total charge for interest is estimated at 5,871,000*l*, against which has to be set off 466,000*l* in the shape of receipts of interest, to a considerable extent arising from its own securities held by the Government, and other elements of income of that description, giving a net charge of 5,405,000*l*. Consequently, the net increase of the charge for interest is 248,000*l* now 248,000*l*, capitalised at 4½ per cent, is equal to 5,500,000*l*, which may be considered to represent the effective addition to the weight of debt, so far as to the interest. Now, then, let us see what is the condition of the cash balances, the money at the disposal of the Government at the commencement of 1861-62 it was 15,000,000*l*, at the end of 1872-73 it will be 19,500,000*l*; the consequence is that there will be an actual increase of assets to the extent of 4,500,000*l*. If you set off that 4,500,000*l* of actual increase of assets against the 5,500,000*l* of increase of weight of debt, we arrive at the result that there has been a virtual increase of no more than 1,000,000*l* of debt in that period of years. And what have we done during those years between 1861-62 and 1872-73? We shall have spent on the extraordinary class of works, these Irrigation Works, and Railways, and what not, 10,000,000*l*; and, besides that, we shall have spent 9,000,000*l* on railways by the end of 1872-73. The total, therefore, of this unusual outlay is no less than 19,000,000*l* sterling; while the effective additional burden that will have accrued up to the end of 1872-73 is only equivalent to 1,000,000*l*; the consequence is that we have, virtually, saved the difference between that 19,000,000*l* and the 1,000,000*l* out of the Revenues in that period, we have saved, virtually, the 18,000,000*l*. Of course, it is perfectly plain that the 18,000,000*l* has not been saved directly, but it is possible, by other means, also, to save by good administration of the finances, for instance, by making reductions in the charge for debt, and that, is just as much the duty of the financiers who manage the affairs of India as it is to look after the actual receipt and the expenditure of the public money. That such results have been produced is, as it seems to me, a most perfect and thorough reply to any one who says that, by reason of this great expenditure on public works, any inconvenience or serious pressure has been put upon the Country. But I would supplement what I have just said by pointing out what I consider a further real test of the condition of the Country, namely, the condition of the Imports and Exports. The value of the Imports in 1861-62 was a total of 37,272,000*l*, of which 22,320,000*l* was merchandise and 14,952,000*l* was treasure. In 1868-69, which was the last year the figures for which I have for reference, the total of the Imports had risen to 51,146,000*l*, of which 35,990,000*l* is merchandise, and 15,150,000*l* is treasure, thus showing that the whole

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of the increase has taken place in the merchandise which the people of India have been able to pay for, and an increase amounting for a single year to no less than 13,500,000^l sterling. Now if that is an indication of national decay, or of oppressive taxation, let it be so to my judgment it is not. The Exports again stand thus total in 1861-62, 37,000,000^l sterling, of which 36,317,000^l was merchandise, and 683,000^l treasure. The value had increased in 1868-69 to no less than 54,457,000^l, as a total, of which, 53,062,000^l is merchandise and 1,395,000^l is treasure. The consequence is, that we have an increase of the exported value of merchandise of no less than 16,750,000^l and that sum represents the improved sales of the community of India for a single year. Now I inquire whether any man can allege, for one moment, that that is typical of bad administration, or of a deteriorating condition of the Community. I say, without any hesitation, that these results have been essentially produced by the generally excellent administration of the Government, and to a very great extent by the operation of these great public works to which we have been devoting so much of the resources of the Country.

7006 *Mr Grant Duff*] In short, your general view I take to be this, that, although many mistakes have been made, and are being made, and always will be made, when an Alien Ruler attempts to govern a people thousands of miles away, the Natives of India are, nevertheless, immensely richer and more prosperous in the year 1872 than they were in the year 1856?—There is no question of that whatever.

7150 *Sir S. Northcote*] I will call your attention to your reply to two questions put to you by Mr Bourke, namely 6900 and 6901, referring to the recent Decentralisation Scheme. You were asked, "Now it did not give them greater powers of taxation than it did before, did it?" and you said "Not at all, none." Then the second question is, "Did the system that was introduced, of Local Taxation, give greater facilities than before existed to the Local Governments to tax the people?" and the answer was, "It made no change whatever." Now this, of course, is undoubtedly true, the increased powers of taxation could only, of course, be given by a Legislative Enactment, and this is a mere financial order, and the Legislative Councils have ample powers of taxation at present, but it appears to me that those questions and answers might lead to the impression that there is no connection between this Decentralisation Order and Local Taxation and what I want to ask you is this, is not the main object of this Decentralisation Order, as explicitly set forth in several paragraphs, to relieve the Imperial Revenues by transferring charges heretofore borne by those Revenues to Local Resources, to be provided by Local Taxation. I refer to Parliamentary Paper 29, "East India (Local Finance)," 16th February 1871, and I will here, if you please, read the passage to which I refer. "The matter" (of Local Taxation) "has been before this Government on several occasions since 1862, and the view now taken of it has already received, in general terms, the approval of the Secretary of State. It is only by a judicious system of Local Assessment and Control that what is needed can be accomplished" (That refers to Public Works) "This is not less true of some other Departments of the Administration. The Supreme Government is not in a position to understand fully local requirements, nor has it the knowledge necessary for the successful development of Local Resources. Each Province has special wants of its own, and may have means for supplying them which could not be appropriated for Imperial purposes. A tax adapted to the circumstances of one part of the Country may be distasteful or inapplicable elsewhere, and, everywhere, Rates may be proper for Provincial or Local Purposes which could not be taken for Imperial Revenue. These principles are now generally recognised, and important steps have been already taken to develop provincial resources. The Government of Bombay has for some years raised a considerable revenue for local purposes. Important measures to the same intent, are under the consideration of the Legislative Council of Madras. The Government of Bengal is maturing a scheme in accordance with the decision of the Secretary of State, for the levy of a rate for local objects in the Lower Provinces of Bengal. In all the other Provinces of India, Provincial Revenues have been raised, and measures for increasing them are now being devised." Now it appears to me that the increase of Local Taxation is, in fact, one of the chief objects aimed at in this Decentralisation Order?—There is no doubt that you have read the *ipsissima verba* of the Government, what you are talking of—the Decentralisation, as it is called by some persons—was an important part of the financial policy of the Government of India, when that arrangement was made by the Government of India in 1871-72, one and a half million sterling of Income Tax was given up, and when that one and a half million sterling of taxation was given up, the Local Administrations were told that they would receive certain Grants, aggregating something between £4,000,000 and £5,000,000, as far as my recollection serves me, that that sum would be the equivalent of a certain portion of the public expenditure, less £331,000. Therefore, while, on the one hand, an obligation was put upon the Local Governments to increase the Local Taxation by £331,000, there was, so far as the Country was concerned, an absolute diminution made in the Imperial Taxation at the same time of one and a half million, and consequently the Country might presume that it was better off, to the extent of the difference between £300,000^l and 1,500,000, or £1,250,000 we will say. And what are the subsequent facts? The last information that we have on the subject is, that, instead of the actual amount of new Local Taxation having been increased by £331,000, in reality the total increase is not more than £267,000. That is the last information that I have, which is contained in a statement made by Sir John Strachey, and I suppose that, if any body knows the facts, he is likely to know them, therefore, I repeat that the result of this measure has been an absolute reduction of expenditure of £1,250,000.

CHAPTER XI

MAJOR GENERAL
R. STRACHEY, R.E.
21st June 1872

The natives of India are immensely richer and more prosperous in 1872 than they were in 1856.

21st June 1872

According to the letter of the orders of the Government the main object of the scheme of decentralisation was to relieve the Imperial revenues by transferring charges, heretofore borne by those revenues to local resources, to be provided by local taxation. But this was not the actual result.

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MAJOR GENERAL
R STRACHEY P. E.,
21st June 1872

7151 But you forget that that £1,500,000, of Income Tax which was left off was the result of an excessively high rate of Income Tax imposed, suddenly, to meet a financial emergency, and it never was contemplated to keep up such a rate of Income Tax as that, neither was that remission equally distributed over the several Governments, so that it could be said to bear any proportion to the Local Taxation?—If taxation of one sort is taken off, and taxation of another is put on, it does not follow that the individual incidence remains the same

7152 But that amount of taxation was only put on just to meet that extraordinary financial emergency?—It seems to me that that has nothing to do with the question at issue, the fact was, that, simultaneously with the necessity for the increase of the Local Taxation there was an actual reduction of £1,500,000 of the Imperial taxation. I must also add that it is altogether a mistake to talk of that additional taxation, that addition to the income tax, as being taxation necessary to meet an emergency, the emergency was only of this nature, that the expenditure had risen to such an amount that it was necessary to meet it somehow

7153 But I recollect, perfectly, that the Income Tax, which, at the commencement of the year, was only one per cent, was raised suddenly to two, and then, before the end of the year, to three, and it was stated by Lord Mayo, when he discovered the startling deficiency, that it was put on for the purpose of meeting that?—It was emergency in one sense, but not in another, it was emergency in the sense of its being urgently necessary to provide the means for meeting the expenditure of the year. When it was ascertained, in the course of the year, that the expenditure would be greatly in excess of income, so far, there was an emergency, but there was no emergency in the sense of its being a means to be applied for a single year, or a single half-year, and then dropped altogether, and nobody ever thought or admitted that it was

7154 But, most certainly, Lord Mayo, on the opening of his Council, said that it would not be maintained at this rate, that it was merely to meet this pressure, and that he would never dream of maintaining it?—For this reason, that he knew that it would be possible, by suitable arrangements, to be able to take it off soon, that he had, in his own mind, already the conception of his Scheme of Localisation, and that he was aware that, by suitable arrangements, it would not be necessary to maintain the increased rate of Income Tax, but that those arrangements could not be matured suddenly

7155 The short of it is, that it was an exceptionally high rate of taxation which nobody would think of maintaining, and, therefore, this reduction of Income Tax which would have taken place in any case cannot be pleaded as a set off to increased Local Taxation?—It was exceptional to that extent, that whereas it was one, it was made three. Whether any one can say that one, two, three, four, or five, is, in the abstract, high, I am not prepared to say, it may be

7156 It is also said in the Resolution, that this is the amount of Grant to be permanently made, the word “permanently” is used?—There is the word “permanently” here

7157 Then, in paragraph 17, the Governor General says that he hopes not to be under the necessity of reducing the Assignments?—Quite so

7158 Therefore, it appears that, while the contingency of a reduction is contemplated, that of an increase is ignored?—Well, I think not. I think that the intention, no doubt, was not to lead the Local Governments to think that these Grants were to be increased. In the very nature of the whole transaction the intention was to provide a limited sum out of the Imperial Revenues, from which the Local Governments were to be bound to meet certain classes of expenditure, adding to that limited sum, either specific economies in the sums allowed for the various branches of the Administration, or such improved Revenues as they could obtain. There is no question that that is the very pith of the whole thing

7159 I think if you held this language to anybody, “I make you this permanent allowance, and I will not reduce it if I can help it,” you would lead him to understand that it might be reduced, but that there was very little chance of its being increased?—No doubt that was the intention

Mr Ayrton] I thus obtained about 200,000*l*, and I had to obtain from 300,000*l* to 500,000*l* more. Now I must observe that, soon after I came to India, I was convinced that it was not only impracticable, but unjust, and, indeed, almost absurd, to maintain one central system of finance through the whole of that heterogeneous Empire. I obtained the permission of the Viceroy to issue a Circular to all the Local Governments, asking them their opinion as to the expediency and practicability of instituting a limited system of Local Finance, of course for local objects, and whether they could furnish from their own Governments, any resources in aid of that object. The answers which I obtained were, upon the whole, favourable to the principle of the Scheme, with the exception of Madras, which was entirely opposed to it. They all said that the principle was right, that it was perfectly practicable, and that Local Resources could be found. I may say that I was very soon satisfied there were odds and ends of finance that might be fairly utilised without doing harm to anybody, but which were not fit subjects for an Imperial System of Finance, and the only way in which those sources could be utilised was by conferring upon the Local Governments some power of taxation with reference to their local wants. Having in view the policy which I have sketched, I determined that it would be desirable to frame a tax for the present uses of the Imperial Service, which might be subsequently available to the Local Governments in

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assignment was per-
manent in the sense
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the event of the Scheme which I proposed being carried into effect, and I selected a License Tax upon Trades and Professions. It was a very moderate tax, it was a rough and arbitrary assessment upon Trades and Professions, including the Civil and Military Services, and I felt the less disinclination to impose a tax of that kind, because Trades and Professions contributed nothing directly to the Revenues of India, and, therefore, following not merely the English practice, but following what was a practice fairly established in the Municipal Taxation of India, I thought a rough License Tax would be a very useful instrument of taxation to arm the Local Government with, by way of inaugurating a system of local finance. That License Tax was calculated to yield about 500,000*l* a year, it did, ultimately, yield about 650,000*l*. And thus I had from 1,200,000*l* to 1,400,000*l* a year added to my Ways and Means.

8582 Will you tell the Committee what was your view in preferring a License Tax to an Income Tax?—The reason which determined me in preferring a License Tax to an Income Tax was one which I have already named—namely, that a License Tax would apply to persons who contributed nothing to the resources of India. Trades and Professions were not taxed in any way save as they were subject to the Customs and Excise, in no other way did they pay a tax not shared by the rest of the Community of India, but when I came to consider the alternative of an Income Tax, I found myself met with the difficulty of renewing the Income Tax upon scientific principles. It would be hardly possible to establish an Income Tax throughout the whole of India upon the rough and arbitrary system which was adopted in the License Tax, and I was very early satisfied, from my experience of Indian affairs, that any attempt at the inquisitorial process of the English Income Tax would be fraught with very great difficulties, and even with danger. I looked at the Income Tax not merely in a financial point of view, but as a very great and serious question of public policy, and I also considered the Income Tax to be a great reserve of taxation to be resorted to under circumstances of pressure and exigency, that it was the only tax to which we could conveniently resort when, from any circumstance whatever, from a famine, or from a war, or from any other unforeseen or temporary pressure, it was necessary to recruit the revenues of India. That was very much Mr Wilson's view when he went out. Mr Wilson, I need hardly say, was perfectly justified in imposing the Income Tax under the circumstances in which he found India, devastated by the Mutiny, and disorganised in the financial, and in every other department. But Mr Wilson felt the danger and difficulty of the ground upon which he trod, and it was with very cautious footsteps that he traversed that ground. He was most emphatic in his intimations that the Income Tax was only imposed for a particular exigency, which demanded additional resources. I think the Deficit of India was then something enormous, 8,000,000*l* or 10,000,000*l*, and it was absolutely necessary that most vigorous and prompt measures should be taken to repair such a state of things, therefore Mr Wilson was perfectly justified in resorting to an Income Tax. But what I object to is the establishment of an Income Tax as an ordinary part of the fiscal system of India. It ought to be considered as a great financial reserve. Used in that way, occasionally resorted to, it would be accepted, I believe, by the people of India, without murmuring. They have been accustomed, under centuries of Native Rule, to occasional severe exactions, but those exactions were always consequent upon some exigency which they understood and of which they admitted the validity, but they never have been subjected to any regular system of taxation such as that which an Income Tax implies, and there is a repugnance which you cannot remove in the Native mind to submit their pecuniary or private affairs to the inquiry of the State. It is my opinion that they connect the idea of the Income Tax (for they are very suspicious, like all conquered people) with some prospective plan of confiscation, and they regard, with dread and horror, and with a repugnance which I can hardly exaggerate, the erection of a machinery which will enable the Government to administer such a tax. Therefore it is that I must repeat, at the risk of being considered tautologous, that the plan of maintaining the machinery of an Income Tax, even although you use it to an almost inappreciable extent for the purpose of applying it suddenly upon any emergency which may arise, is quite as objectionable as creating an Income Tax with a very onerous burden. In my opinion, when you want extraordinary means, you are justified in resorting to an Income Tax, but, when the exigency ceases, let your Income Tax go and let your machinery be broken up, your machinery you can always revive whenever the occasion occurs, but do not keep it as a standing menace to the people of India. I have no doubt that these views may sound strange to gentlemen who are conversant only with English finance, but they are views which are founded on the peculiar character of the people of India. I entertain them so strongly, that nothing on earth should induce me to hold office in India as the Financial Minister if the condition imposed upon me by the Secretary of State was the maintenance of an Income Tax as an ordinary source of revenue.

8583 Will you be good enough now, if you please, to proceed to give the Committee some information as to the best mode which might be adopted, or whether any mode you think could be adopted, of adjusting the Expenditure to the Income, instead of raising the Income to meet the Expenditure?—The principle of English finance is, adjust your Income to your Expenditure. In my opinion, the contrary principle should be adopted in Indian finance. The truth is, that your resources are so limited, that if you should outrun the constable a little you are at once landed in a Deficit. You cannot expand any of your taxation, you cannot create new taxation with the exception of Income Tax. I wish to say that, in round terms, for there is no new source of taxation, as far as I am aware, that

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The principle of English finance is to adjust income to expenditure. The contrary principle should be adopted in Indian finance, because Indian taxation cannot be expanded

it is possible for you to invent. Therefore it is that I would most earnestly impress upon all Indian financiers the expediency of accommodating their Expenditure to their Income. They were the last words that I used when I left India, "Live within your ample income, you have an income now of some 50,000,000/ a year, and you might, if you chose to be lavish, and to give rein to the Local Governments, spend 100,000,000/ a year." But you have to consider the services which it is absolutely necessary to maintain, of course, the great military service is indispensable. I will not pretend to go into the question as to the exact adjustment of the military force which is necessary to hold India, but I will assume that the military strength now existing in India is necessary for the purpose. If that is the case, you have a military expenditure equal to that of this Country, I think it varies from 14,000,000/ to 16,000,000/ sterling a year now. Upon that point, I should wish to make an observation with reference to retrenchment. The military expenditure of India comprises, of course, an enormous mass of detail which is to be found in a blue book compiled by officials (I do not wish to say this disrespectfully) of a subordinate character, and, as far as I am aware, not under the direction or control of any superior member of the Government of India. The Military Member of Council has nothing to do with it, the Commander-in-Chief, although a Member of Council, has nothing to do with the financial administration of the army, the preparation of these details is entirely left to the Local Governments, and is under the general superintendence of the Comptroller of Military Accounts. The late General Broome, than whom a more laborious or able officer could not be, did, I am sure, everything that be possibly could, within the scope of his power, to keep those Accounts within due limits. But, for my part, I knew nothing whatever about them, they were placed before me perhaps a few days before I had to make up my Budget, and I was told that this was the amount required for the Military Service. It would have been quite impossible for the Financial Member of Council, whose time is fully occupied, to enter upon the details of a vast system of expenditure which are quite sufficient to occupy the time of a first-class official. I have heard it roundly conjectured by men in India, gentlemen of high station, conversant with military matters, that the extreme probability was that a more systematic revision of the Estimates would result in the saving of a million a year upon that Head alone.

8584 Your view is that there should be as complete a supervision over the Military Expenditure, with the same sense of responsibility, by an independent Member of the Council, as there was with reference to the finances generally by the Finance Minister?—I think that that is so, and that a Member of Council should be charged with the special duty, as the War Minister is here, of superintending this vast outlay, and that he should be in constant correspondence with the Financial Member of Council sitting in Council with him on an equal footing. That idea has been the frequent subject of communication between Lord Sandhurst and myself when he was Commander-in-Chief in India. Lord Sandhurst's well-known project, which he has frequently submitted to the Government, is the abolition of the office of the Commander-in-Chief, and the conversion of the office into a War Ministry.

8585 I may mention that we have not, yet, gone into any question of detail of Military Expenditure, and therefore, perhaps, you had better confine your evidence to this question of supervision, which seems of very great importance, do you consider that it would be necessary, in order to enable a Member of Council to discharge the duties which you propose that he should, from day to day, and throughout the year, be engaged in the examination and investigation of all the details of military expenditure, with a view to economic arrangement?—Yes, I think he should be charged solely with that duty, and I believe the very fact of a high officer, like a Member of the Council of the Governor General of India, being charged with that duty, would itself have a tendency to restrain waste and peculation.

8586 Then, with regard to the civil expenditure, did you consider that you were a Controllor of that Expenditure in all its details, and had you the means of exercising that control?—Far from it, the arm of the Central Government is not long enough to reach the numerous, powerful, and, I may say, semi-independent Governments of India. I may remind you that the Presidencies of Madras and Bombay are in direct communication with the Secretary of State, and they are disposed to resent the interference of the Government of India, and to regard the Government of India more as an equal than as a superior. We found, I may say, especially with regard to the Presidency of Bombay, that our power of financial control over the expenditure of Bombay was baffled and defeated almost at every point. These great Governments had nothing to do but to aggrandise the importance of their Administration, by making out expensive Estimates, and by maintaining the absolute necessity of all those Estimates when they were criticised by the Central Government. It is a very serious responsibility for the Central Government to take upon itself to say that such and that expenditure, at a distance of thousands of miles under a semi-independent administration, were unnecessary. Of course you might arbitrarily strike your pen through certain item of Expenditure and say, "It shall not be allowed," but that was a responsibility which the Government of India were exceedingly loth to assume.

8587 But do I rightly understand that the Budgets from Madras and Bombay, and the other Governments, came up to you *en bloc*, so to speak, that is complete in all their details, leaving you to find fault with them as far as you could?—Yes, there is a series of budgets. There is a Blue Book, which has been, I dare say before the Committee, containing, I think, eight budgets of the eight separate administrations. Every one of those went up to the Government of India for adoption. If the Government of India puts its

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finger on one item, and says "It is excessive," they say "It is not, it is exceedingly economical, and you cannot diminish it without starving the Service." If you say that such and such an expenditure can be altogether dispensed with, there is a chorus of remonstrance from the whole banded officials of that Government, which overbears the Government of India, and probably an appeal to the Secretary of State, which results in a despatch requiring the expenditure to be allowed. So that the control which the Central Government exercises over the expenditure of India is of the weakest possible description.

8588 You are of opinion that, really to control expenditure, you must begin with it, and follow it at its very root in the minute details, out of which it arises, and that there is no system by which you can take expenditure at the end in the shape of a budget, but that you must examine it as it goes on in detail?—There is no other mode of retrenching expenditure that I am aware of, and I am quite satisfied that the Central Government is wholly incapable of exercising that mode of supervision, and that was one strong motive which led me to find my way, if possible, to some system of Local Finance, so that a portion of the Imperial Revenue should be allotted to the several Governments for their domestic expenditure, and that they should be allowed a license of taxation within certain limits.

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The control which the Central Government exercises over expenditure in India is of the weakest possible description—and that was one strong motive for resorting to decentralisation of the finances

8589 We have not yet received the information from the Secretary of State as to the extent to which the system of Local Taxation has gone, and, therefore, we are unable now to speak, from any knowledge that we possess, of the nature and extent of that Local Taxation, but what I wished to direct your attention to is this, that as far as the system has been explained to us, although there was a limit of charge imposed upon the Imperial Revenue, under the new system, there is no limit of expenditure, because the Local Governments are allowed to supplement their expenditure, as far as we can make out, indefinitely, by Local Taxation, that is to say, as far as they can get people to pay taxes, therefore, we have not seen how the new system would tend to keep down Expenditure, on the contrary, it seems to increase it?—I think that if a system of Local Finance was established, the result might be that more public money would be spent throughout the length and breadth of India, but I do not attach much importance to that. What I consider to be the great evil of the Imperial System of Finance is this, that you cannot tell how much money you will want. Demands are made for Roads, for Groats, for Tanks, and for various things which are of local necessity, and we find that the revenues of India are pressed too close upon their margin in order to meet them. My impression is that the present system of finance wholly fails in one most important safeguard of finance, that is, in imposing a principle of economy, or a motive for economy, upon the spenders of public money. The Local Governments have nothing to do but to draw upon the Imperial Treasury, and, of course, they think that the more they draw, the more it will redound to the honour of their Administration. Again, I would ask the Committee to look at this future of a Central System of Finance over a vast Country such as is represented by that map before us. Is it not strange that the people of Buirah, or the people of Madras, should be taxed to make roads, or wells, or buildings in Bombay or in the Punjab? But that is the case under the present system. If you bring the whole of the resources of India into hotch-pot as we do, one District gets more than another, and another does not get its proper due. Well, it seems to me that, as you have established several systems of Local Administration throughout India, and as those Administrations are capable of conducting the ordinary business of Government, there is no reason why you should not add to their duties the financial branch of administration, and I think it would be most conducive to the economical administration of those several Governments, and would be a great relief to the Government of India from a peril which constantly encompasses it.

8590 I was anxious to make it clear how the system works as a check on expenditure by the Local Governments, unless the Supreme Government will accept the responsibility of putting an absolute limit to the income which the Local Governments are to expend, if you leave the door open, so that the Local Governments may add to their income by Local Taxation, is not that rather a shifting of responsibility from the Governor General to the Local Governments, than a check upon Local Expenditure, if the Local Governments were to carry out your system, how will economy be promoted thereby?—I think that they should have an absolutely limit to their income, and then, as you say, be compelled to live within it?—I think that they should not have an absolute license to tax the people of their Province to any extent that they might think fit. I always had it in contemplation that either the Government of India or the Secretary of State should exercise a veto upon Local Taxation. But my belief is, that if a certain allotment from the Imperial Revenue was assigned to each of the Local Governments, and they were told that any expenditure in excess of that, must be provided by them from Local Sources, they, feeling, as everyone engaged in Indian administration must feel, the danger and difficulty of creating new sources of charge, would have the strongest motives for avoiding the discontent which would, unquestionably, ensue from anything like a stringent system of taxation. But I would not leave it entirely to the discretion of the Local Administrator, I would exercise a control, either by the Central Government or by the Secretary of State, over any new source of revenue which the Local Government proposed to create.

8591 You are not then prepared to recommend that the Supreme Government should grant, if I may use the phrase, a credit to the Local Government for the expenditure with an absolute injunction that it must administer its affairs within the limit of that credit?—No, certainly not, I would not impose any such hard-and-fast line upon the Local Administrator as that, he would, no doubt, receive injunctions from the Secretary of State to practise eco-

The measure of decentralisation should be entirely gradual and tentative

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The Local Govern-
ments are under far
less control now than
in 1834

mony, and avoid undue expenditure, and he would have a motive which he has not now to exercise that economy. With regard to this system of Local Finance, I should desire that it should be entirely gradual and tentative, it is a very great experiment. In the opinion of some Indian Statesmen of the highest authority, it is a dangerous experiment, and one which might involve the credit of India. I do not concur in that alarm at all, but, at the same time, I should be the last to recommend at once the adoption of a system which should be one of gradual development, and which I hope to see ultimately attained, and I believe it can only be attained by a gradual and tentative process.

8592 Are we not proceeding, one may say, in a circle, in point of fact, for you may perhaps recollect that, before 1834, the whole taxation of the several Presidencies was carried on on the responsibility of the Governor in Council of each Presidency, and there was no authority on the part of the Governor General to impose any taxes at all or charges upon the several Presidencies. That system, it was considered a master-stroke of policy to abolish, and make the Governor General and his Council responsible, we are now merely recurring to that which existed before 1834, but, what I wish to ask you is, whether we are not recurring to it under infinitely worse conditions than then existed, because, at that time, we were not Local Governments kept under a most stringent supervision, in all their details, by the Court of Directors, and are they not now acting with very much less control, and with a much less sense of responsibility?—Yes, I think that, since the transference of the Government of India to the Queen, the Local Governments have been greatly aggrandised, and that they are not under that subordination to the Supreme Government which they were when they were under the rule of the Company, their ideas are higher and more imperial than those of the Company's Servants, and, to that extent, I think that, unless some restraint was imposed upon the Governors of Provinces, it is very possible that this System might be subject to abuse, therefore it is that I would only adopt it gradually. I understand that it has been inaugurated in a very moderate way, and I would expand it as circumstances dictated, I would keep a strict hand over the Local Governments in resorting to new sources of revenue, but at the same time I would not lay down a rule that you shall expend so much and no more.

8593 Do you think that the sense of responsibility of the Governor of a Presidency is now very much less than it was some years before 1834, inasmuch as then the Governor had no one to fall back upon to shako his responsibility, except the few Members of his Council, who were, personally, equally responsible with himself, unless they actually dissented, whereas the Governor of a Presidency can avoid all responsibility by putting himself under the control of a Council composed of persons who really occupy no responsible position in India or anywhere else?—I have no doubt that, under the former rule of the Company, when communication was much less frequent between this Country and India, the Governors exercised a very wide discretion. In fact, history discloses some particulars of the mode in which administration was conducted, and especially the mode in which money was extorted from the people. Those days have gone by, and the tendency of modern circumstances is to divest now the Governors of India of responsibility, even the Governor General now, by means of the electric telegraph, relieves himself from the difficulty of deciding an important question by referring it to the Secretary of State. That is an unavoidable incident of the increased means of communication. It is, I think, a misfortune, but it is one that cannot be helped.

8594 But do not you think that if you allow to the Governors now the power of taxation they will exercise that power with their responsibility very much diminished by the fact you refer to of the rapid communication with the Governor General and the Secretary of State for India, but above all by their being able to shield themselves under their own Council composed of gentlemen taken from the inhabitants of the Presidency Towns, but who have no real responsibility at all for anything that they say or do?—I think that the Governor or the Principal Administrator of every Province in India should be held by the Secretary of State to be responsible for the government of his Province, and that he should not be permitted to shield himself under the advice of a Council. The functions of an Indian Council ought to be consultative, and not executive. The Governor General of India, whose Council is generally composed of men picked from the various Services of India, men of the highest quality, has the power, if he thinks fit, to overrule the decision of the Council, and to act upon his own responsibility. I do not think that, under the present conditions, he is, very likely, often to exercise that power, unless he is a man of very resolute will indeed.

8595 Do you think that the economy of administration has been, in any degree, weakened by what is generally called the separation of the Government of India from the financial administration of India, and that the Governor General, now instead of being responsible for the financial administration of India, has morally, and in public opinion, relieved himself of that responsibility?—In my time, Lord Lawrence, than whom no man was more conversant with his duties, or more resolute in maintaining his rights, always maintained, and most justly, that he was responsible for the administration of the finances of India, and that, in fact, I was merely his adviser and assistant, which was precisely the position which I occupied. Probably, an ordinary Governor General would depend very much upon, and be guided by, the advice of his Financial Minister, pretty much as a limited monarch is guided by the advice of the Minister of the day, but, at the same time, the position of the Financial Member of Council is very different from that of the Chancellor of the Exchequer, for instance, if the Governor General overrules the policy of the Financial Minister, he cannot throw up his

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office and appeal to what is called public opinion, and justify himself, he is bound in honour to remain at his post

8596 Bound in law, is he not?—Bound in law His mode of relieving himself from responsibility must be a postponed and tardy remedy

8597 All his duty, prescribed by law, is to enter his opinion on the Minutes of Council?—He can enter his opinion on record if he chooses, and it will be recorded in the transactions of the Government of India.

8598 I mean that is the duty prescribed to him by law?—Yes

8599 And therefore that is his duty in point of morals and honor?—He has discharged himself, when he has exercised that duty

8600 Then do you think that the only mode of enforcing economy in the expenditure is really to hold the Governor General in his case, and the Governors themselves, individually responsible for administering their governments within the finances?—Certainly

8601 And that they ought not to be allowed to escape any of that responsibility by endeavouring to put it off on the Councils or other persons by whom they are surrounded, or with whom they are connected, in the administration?—Certainly, the Secretary of State ought not to receive it as any answer from the Governor General of India that he was guided by the opinion of Mr Massey, or Sir Richard Temple, or whoever might be the Financial Member of the Council of the day It is his duty to be responsible for the administration of the finances of India as for every other department of the Administration

8614 *Sir C Wingfield*] I think you say that you do not think that there is danger that the Local Governments will impose additional taxation to such an extent as to be dangerous, and that you would give a veto to the Supreme Government, so that the Supreme Government should check a tendency of that kind But it seems that latterly it has been the Supreme Government rather than has been urging these Local Governments to impose additional taxes?—I am not aware of it, that was since I left India

8615 Lord Mayo, in that Decentralisation Order, says that it is a necessary part and complement of the system that Local Governments should impose taxes to meet the deficiency, and he mentions, in that Order, that the different Governments of Bengal, the North-Western Provinces, Oude, Punjab, and all have imposed additional taxes, they are going to add further to those taxes, what I am afraid of is, that the influence of the Supreme Government will not be used to check the disposition to raise more money, what is your opinion on that point?—In my time there was a very great jealousy on the part of the Supreme Government of yielding to the suggestions of the Local Governments for the imposition of any Local Taxation I think that that jealousy was, perhaps, a little excessive

8616 But now the Supreme Government, having relieved itself to the extent of 350,000*l.* a year from Contributions to the Local Governments, and having thrown on the Local Governments those particular public services, which are sure to demand some increase of expenditure, as, for instance, education and roads, that is a direct inducement now to encourage the Local Governments to find the additional funds that will be required?—Yes, I do not know the scale upon which Assignments have been made to the Local Governments If that scale is not sufficient, of course they must complement it by Local Taxation

8617 By this Scheme the Supreme Government relieves itself immediately to the extent of 350,000*l.*, and from all prospective liability to increased charges?—Yes, that is quite right, if the system is to be adopted at all

8618 How do you think it would be if all the different governments of India were called upon to contribute ratably to what are called Imperial Charges, taking as Imperial Charges such things as Army, Debt, Diplomacy, Home Charges, Post Office, and Telegraphs, which are common, in fact, to all India, and will continue, and cannot be apportioned among the different governments, to call upon them ratably to meet all the Imperial Charges, and then let them spend their Surplus, or a proportion of their Surplus, after defraying the cost of the Civil Administration, reserving a margin for Imperial Purposes?—I would not have the Imperial Government part with certain sources of Revenue In the first place, the credit of the Imperial Government must be maintained Loans will be advanced to the Government of India on the credit of the Central Government, not on the credit of the Local Governments, I should therefore think it highly impolitic for the Central Government to relinquish its complete control over certain sources of Revenue

8619 I do not think that you quite apprehend me, I do not propose that any power of borrowing should be given to the Local Governments, but all I mean is that the Supreme Government, having fixed its expenditure for the year, might call upon the Local Governments to ratably defray that Expenditure, and say, "Whatever is left you may have for your own Local Expenditure, that is to say, the purely Civil Expenditure, or the expenditure that is really due to that particular Province only?—Well, I should rather hesitate to give an opinion upon that point, it is involved in the future development of the system If the tendency of the system was found to be favourable to the particular mode of supplying the Government of India which you suggest, I should not object to it, but, as at present advised, I would not make it at all a part of the System of Local Finance that the Central Government should, in any degree, depend for its Resources upon the Contributions of the Local Governments

8620 It has been thought that this plan would give the Local Governments a more direct inducement to economy, inasmuch as, whatever retrenchments they can make in their

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W N MASSEY
9th July 1872

The tendency of the scheme of decentralisation is to stimulate Local Governments to increase local taxation Does it not further dispose the Supreme Government to encourage the Local Governments in that course instead of restraining them?

It would be highly impolitic and injurious to the credit of the Government of India for the Central Government to relinquish its complete control over certain sources of revenue

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W. N. MASSEY
16th July 1872

What heads of revenue should be retained as imperial and what others be made local

nue would be retained in the hands of the Imperial Government, and all branches of revenue which properly could be classed under the denomination of Local would be relinquished, according to my view, exclusively to the Local Administration

8666 Taking the present Heads of Revenue, which would you look upon as Imperial in contradistinction from Local, take Land Revenue, which would that be?—That would be Imperial

8667 Assessed taxes would be Imperial, that is Assessed Taxes with the exception of those that were levied by the Local Administration

8668 Take the Abkari?—That I should retain, for the present, as a portion of the Imperial revenue with a view, when the system of Local Financial Administration was matured, of relinquishing it, wholly or in part, to the Local Governments

8669 Is there any other item of the Assessed Taxes which you think ought to be Imperial?—If you have any Assessed Taxes at all, but I should be disposed to avoid any assessed taxes on the part of the Imperial Government

8670 Customs?—Customs I would retain as part of the Imperial Revenue

8671 Salt?—Salt I would retain as part of the Imperial Revenue

8672 Opium?—Opium, certainly, I would retain as Imperial Revenue

8673 Stamps?—Stamps I would perhaps relinquish to the Local Governments The development of the Scheme would involve the separation of certain Branches of Revenue now collected for Imperial purposes for the Government of India

8674 The Mint?—The Mint is Imperial of necessity

8675 The Post Office?—The Post Office would be Imperial, I think

8676 The Telegraph the same?—That also would be Imperial, that is more a Charge at present

8677 Law and Justice?—Law and Justice would be Imperial, it must remain so, I think

8678 Police?—That is essentially Local

8679 Marine?—Marine is Imperial

8680 Education?—Education is Local

8681 Public Works?—Public Works are Local

8682 Now, will you take the items of Expenditure, without going through the cost of collection, of course?—The items of Expenditure would follow the items of Receipts

8683 "Administration," I think it is chiefly the Administration of all the Government departments, and so on?—Administration of Public Departments would be partly Imperial and partly Local "Salaries of the Governor General and Members of Council" is of course Imperial "The Governor General's Household," the Secretariat, the Public Offices, the Paper Currency Department, the allowances to the Presidency Banks, and the Tour Charges of the Governor General, are charges connected with the Government of India as a Government

8684 When you come to Local Governments, Oude is the first given at page 36 of the Accounts before us?—The Chief Commissioner, the Financial Commissioner, and the Commissioners are Imperial Charges The term "Administration" comprises only the more important offices of the Administration

8685 It involves a very important question in your Scheme, whether the administration of the Local Governments should be an Imperial or Local Charge?—The salaries of the Chief Commissioner, of the Financial Commissioner, and of the Commissioners of Districts would be an Imperial charge, I would suppose

8686 You would make the form of the Local Government dependent entirely upon the Imperial, therefore the Administration would be, according to your view, all Imperial?—The staff of the Local Governments would be an Imperial Charge

8687 Law and Justice would again be Imperial? Yes

8688 Police would be Local?—Yes

8689 Marine would be Imperial?—Yes

8690 Education would be Local?—Yes

8691 Ecclesiastical?—That would be Imperial

8692 Medical?—That would be Local

8693 Stationery and Printing would be Local?—Yes

8694 Political Agencies?—Those would be Imperial

8695 Superannuation and Retired Allowances would be Imperial?—Yes, and the Army exclusively Imperial

8696 Public Works would be Local?—Yes

8697 Interest would be Imperial?—Yes

8698 Now, taking the class of Public Works which you say you would make Local, would you have no distinction in works whether they were of a Local or of an Imperial character?—Public Works might comprise a Great Trunk line of Railway through the District, that would be a homogeneous work, which would originate with the Imperial Government, and the interest on the money borrowed for its construction would be an Imperial Charge

8699 Then your Public Works involve the further division of Imperial and local works?—Yes, necessarily Barracks, for instance, would be a Military Charge, that would be comprised in the Military Vote, and would be a public work connected with the great Service, and therefore would be exclusively an Imperial Charge

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8700 Now with regard to Roads or Railways, the Feeding Lines, the smaller lines of communication, would be Local?—They would be Local

8701 Would not that system, carried out in that form, involve a double superintendence, an Imperial officer looking after the Main Lines, and a Local officer after the Local lines?—There must necessarily be a considerable staff employed in proportion to the length of the line which is under construction, and whether one portion of that staff is employed under the orders of the Local Government, or under the orders of the Imperial Government, does not appear to me to be very material as regards charge

8702 Take another class of charge, Port Improvements, take, for instance, the Improvement of the Port of Bombay, do you look upon that as a Local or an Imperial charge?—Well, that is a question of some difficulty. The great Ports, whether commercial or whether military, or whether partaking of both, undoubtedly are, to a great extent, a matter of Imperial concern. But, take, for example, the proposal that was made while I was a Member of the Government of India for extensive works at Kurrachee involving a very large expenditure indeed, those works were, partly, a matter of Imperial concern, and I consider that an exceptional treatment should be applied to those classes of works, and that they should be undertaken, partly at Imperial charge and partly at local charge, that is to say, that, if a portion of the advantage to be derived from those works clearly redounded to the benefit of the Locality, in so much should the locality be charged to contribute to the expense, but I should be exceedingly loth to impose upon the Local Government any charge in respect of works which originated with the Imperial Government. I can conceive that any such imposition placed by the Imperial Government upon the Local Governments might derange the whole system of Local Finance. At the same time, I foresee a very great difficulty in laying down a positive rule upon the subject, to be adhered to under all circumstances, and I think that if a Port partly Imperial and partly commercial, was opened in any part of India, it would be a subject for consideration whether a portion of that charge should not be borne by the Local Government, but I would not permit the Government of India absolutely to impose such a charge upon the Local Government, without its consent

8703 Take the case of docks in Bombay?—Docks in Bombay would be for the benefit of commercial shipping

8704 But you have taken the Customs into the Imperial Revenue, would not then the charge for docks be fairly a charge upon the Customs?—I do not know that it would. If Docks were required for commercial purposes, they might be so constructed as to be self-supporting. If so great a work as a dock in so great a Port as Bombay was to be constructed, it would always be a subject for consideration whether a contribution should not be made from Imperial Funds to such a work, because the plan of Local Finance which I have wished to see established does not at all exclude the occasional assistance of the Imperial Government to particular works and to particular charges

8705 I can quite understand why the fixing of Customs should be an Imperial right, but I do not quite see why the Revenue derived from Customs being essentially Local in its receipt should belong to the Imperial Revenue?—It is very possible that the appropriation of the Customs Duties by the Imperial Government may be open to the observation of, the Hon'ble Member, but what was in my mind when I recommended that the Customs Duty should be maintained, was that care should be taken that the Imperial Government was placed in ample funds

8706 Would it not lead, probably, to discontent if any one of the eight Centres of Government could say, "The Revenue which belongs to us was taken from us to benefit others who are poorer"?—Well, they may say that, now, with a great deal of reason

8707 I would rather not discuss the present state of things. I would rather confine our attention to the Scheme that you are suggesting?—Assuming that a well-established System of Local Finance was established, I understand that I am asked whether the appropriation of any funds derived in any degree from other Administrations, and applied to the benefit of a separate Administration, would not be a cause of grievance. Well, I think that would be refining to a degree that would be impracticable, for instance, if a dock was opened, the object of which was to facilitate the commerce of the whole Continent of India, many Administrations might be enabled to send their produce to a Port of discharge, if there were facilities provided by docks, although they might be at a very great distance from those Administrations

8708 Would there not be legitimate cause of complaint as between Bombay and Scinde, we will say, in this respect, that the Revenues of Bombay would be ample for its wants, and leave a Surplus for Local Improvements, whereas the Revenues of Scinde would not be sufficient for its local wants, and the surplus of Bombay would be applied to make up the Deficit of Scinde, the Bombay people might fairly complain, might they not say, "Instead of having our improvements out of the money which fairly belongs to us, you have put us in partnership with a losing partner, and taken away from us the benefits of our own Funds"?—That is assuming that Scinde forms a portion of the Government of Bombay as it does at present. I think I was asked when I was here the last time, whether I would continue that connection between Bombay and Scinde, I was not prepared to give a definite answer to that question, but it seems that Scinde occupies rather an anomalous position, it is a sort of Sub-Lieutenancy under the Government of Bombay, and might, in any Scheme of Financial Administration, perhaps, be separated from it, so as to get rid of that question altogether

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8709 I would put the question in another form, whether Bombay and such of the eight Provinces as had a Surplus Local Revenue which would be applicable to their own improvement, might be required to make up for the deficiencies of those Governments which had not Local Revenues to meet their Local Wants?—I said that I would take the existing Administrations as a convenient basis for the application of this system of Local Finance, but, as regards the separation of Scinde for the purposes of finances, or for the purposes of administration generally, I do not know that there would be any serious objection to that, it is a question on which I do not desire to express a confident opinion, but the relations of Scinde and Bombay are peculiar, they rather differ from the relations of any other two Administrations, and the Province of Scinde is under a separate Commissionership, and is virtually, I believe, ruled under a Separate Administration, although it is a Sub-administration to Bombay

8710 Your Scheme in no sense tends to develop a system of Local Government, as we understand it, that is to say, of Government in the Locality?—No, I do not aim at that at all, I simply add the administration of finances, the management of all accounts, and the dispensation of funds to the local government, in addition to the other duties with which it is charged

8711 I should like to ask you whether it would not be better to carry the principle of Local Government further, and leave to the Locality, as we understand it in this Country, or I may call it the Municipality, to raise Local Taxes for local purposes?—The great Municipalities of India, of course within their boundaries, do at present exercise large powers of taxation. For instance, take the Municipalities of Bombay, Calcutta, and Madras, for municipal purposes they raise money and have taxes, Octrois, License Taxes, and so on

8712 Would it not be desirable to extend that much further into the Mofussil?—There is no organisation in the Mofussil, independent of the Governments, that would be capable of assuming those duties with safety

8713 Would not the class of Village Officers be available for such purposes?—I doubt whether they could be trusted with such responsibility. It is a very serious responsibility, that of spending money, and I should like to know in whose hands it was placed, before I gave the power

8714 Then all the details with regard to Law and Justice would you leave to the Imperial, or to the Local Government, such things, for instance, as the number and character of the Courts?—Of the small Courts, Yes

8715. All the Courts?—Not of the High Courts. The High Court, for instance, of the Punjab would be exclusively a matter of Imperial Concern

8716 You know that, at present, the system of the High Courts in the three Presidencies is different from what it is in the other Provinces?—Yes, I am aware of that

8717 You would leave that arrangement still to Imperial decision?—Yes, anything connected with the Supreme administration of justice, the highest Courts in India should always be under the control of Imperial Government

8718 Financially, do you consider that the system that you have suggested would be economical in the Administration, in so far as the salaries, and the number of persons to be employed, are concerned?—Yes, I think that the tendency of that System would be to encourage economy in the public service, that there would be a motive and inducement to the Local Government to save its funds, and not to employ more people than were absolutely necessary. There is no such inducement now

8719 But would there not, then, be a system of Imperial officers working over the same line traversed by Local Officers?—I do not think that collision would be unavoidable. The duties of each, under a properly regulated System, would be clearly defined, and there would be no collision between the two.

8720 Take the great Services connected with the collection of the Land Revenue as being part of the Imperial Revenue, would that be managed directly from Calcutta, or still locally through the Local Administration?—The Imperial Government at Calcutta must have control over all officers engaged in the collection of the Land Revenue, but that could be organised under the superintendence of officers of different gradations

8721 Would the correspondence, for instance, or the control as between the Imperial Government and the Collectors of the Land Revenue, be immediate, or through the Local Governments?—I do not think that it would be at all necessary, for the purposes of this system to exclude the Local Governments from all concern in the collection of the Land Revenue. The Local Governments have common interest with the Imperial Government in maintaining the Revenues of India, and, therefore, I should see no objection to entrusting the Local Governments with the collection, wholly or partially, of the Land Revenue, as at present, but, without giving a positive opinion upon the subject, I should rather prefer that every officer who is connected with the collection of any branch of the Imperial Revenue should be immediately responsible to the Imperial Government

8722 The same as regards Customs?—Yes, the Customs House at the different Ports should consist of officers appointed by the Imperial Government

8723 Would not that involve a possible collision between the officers of conflicting Governments acting within local limits?—I think not, I do not see why it should

2724 Do you see any advantage financially, or do you see no objection to it, in placing the various items of revenue under one authority, supposing that they are Imperial?—No, I see no objection to that. The Customs Duties, for instance, being exclusively the property

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of the Imperial Government, would be collected at the different Ports by officers who are servants of the Imperial Government, and have nothing to do with the Local Government

8725 Not at present?—No, not at present, but, under this System, the inclination of my opinion is favourable to retaining the service for the collection of the Imperial Revenue under Imperial control, but I do not say that it is absolutely necessary

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8726 And, carrying out the same principle, I think I have rightly understood you to say, that you would recommend that the Army should be under one Control?—Yes

8727 And the Navy, so far as the Service exists?—Yes, so far as there is a Navy

8728 And the same principle applies, I presume, to the whole judicial system?—Yes, to the higher judicial offices I have limited my answer to the question as regards the administration of justice, to the higher judicial offices The lower offices of justice analogous to the County Courts in this Country, would be under the control of the Local Government

8729 Then that would involve the patronage, the right of appointment to all the offices connected with the Imperial Revenue?—Yes, all the offices which are paid out of the Imperial Funds

8730 That is to say, that the Customs Officers for Bombay would be appointed at Calcutta?—Yes, if it was decided that the Customs should be collected as Imperial Customs

8731 Such a system would seem to involve the assimilating of the Provincial Governments, or seem to suggest their assimilation to a simpler form, would it not?—Yes, I see no harm in that

8732 What I allude to especially, is the abolition of the Councils of Bombay, Madras, and Bengal?—The Executive Councils of Bombay, Madras, and Bengal, you mean I do not know that it would involve the necessity for abolishing them The Executive Councils, although called executive, have no executive powers whatever that I am aware of, the whole of the executive powers are in the hands of the Governor General and the Governors of the two Provinces

8733 I ask whether the system does not suggest the necessity of their abolition?—No, I do not see that it would suggest any such necessity

8734 Or expediency?—Nor expediency

8735 The Police you would propose to make a branch of Local Administration?—Yes

8736 Does not that involve a conflict of jurisdiction?—No, I think not It seems to me that, where anything like a Local Government is constituted, one of its first duties is to organise a system of police, and that the organisation and management of the police is exclusively a matter of local concern

8737 But that involves this, does it not, that the policemen of one Province have no authority in the adjoining Province?—As much authority as the policemen of Bedfordshire have in Cambridgeshire

8738 Exactly, but that is none?—That is none, but we have a system, in this Country, of breaking warrants I am not sufficiently conversant with the mode in which justice is administered in India to give any opinion as to whether that would constitute a difficulty or not, it does not strike me as such

8739 You are aware that India is in advance of England in regard to the code of penal justice?—I think it is

8740 In your opinion, would the powers and the responsibilities of the Local Governments be increased or diminished by this proposed change?—They would be increased upon the whole, most materially, I think

8741 They would be relieved from the most important items, from all connected with the Land Revenue, all connected with the Customs, and all connected with the courts of law?—They might or might not I do not give a final opinion as to whether it is desirable that the collection of these great sources of Revenue should be exclusively transacted by Imperial Officers, or whether they should be left, as at present, to the Local Administration, but the inclination of my opinion is to take them away from the Local Governments

8742 You would largely add to the powers and to the work of the Central Government, then, would you not?—I think that the extent to which the Central Government would be relieved by the establishment of a well-defined system of Local Finance would be an ample compensation for any additional trouble that might be thrown upon it

8743 But the merit of your plan seems to me to be that you relieve the Local Governments of a large amount of work that they do now, and can fairly put it upon the Central Government, by relieving the Central Government of an amount of supervision which is not of much use, and therefore it seems to me that your system involves a simpler form of Local Government than the present system?—Yes, it does, because, in the first place, it saves an enormous amount of fruitless correspondence, and not only fruitless, but most unsatisfactory, from the unfriendly relations which it engenders between the Imperial Government and the Local Administrations

8744 That is a saving to both?—Yes, a most important saving

8745 Then the balance remains of saving to the Local Governments, but which is added to the Imperial Government?—Yes

8746 Then it comes back to what I say, that the Local Governments are relieved by this plan, although they have more power?—They are relieved of a great amount of troublesome reference to the Imperial Government, having funds at their own disposal, they need not ask the Government whether they approve of this or that being done, they can do it

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themselves, but I do not see why any additional trouble is thrown upon the Imperial Government by that state of things

8747 But the Imperial Government would have the trouble connected with those branches of revenue which are now transacted by the Local Governments?—Yes, if it was determined, as I am rather disposed to think is desirable, that the Imperial Government should take these matters into their own hands

8748 Then it comes back to this, that, under that state of things, the Imperial Government would have more work than it has now, but would be relieved of that work which comes to it through the Local Governments, and the Local Governments would have less work, because they have all the work now of initiation, and the work of initiation would become a work of decision on the part of the Central Government?—I think that that arrangement would result in great advantages to both Governments

8749 Would not the result of it be a simplification in the Local Governments, you would not require, then, the paraphernalia of power which they now have?—No doubt it would immensely simplify the administration of the Local Governments. Almost every branch of the Government involves expenditure, and they cannot move now without reference to the Imperial Government, the whole wheels of the Local Governments are clogged by the financial control which is maintained by the Imperial Government over the expenditure

8801 Sir T. Bazley] Supposing that two principal sources of revenue were established for India, one for Imperial, and the other for Local purposes, what would be the relative amount of each, do you suppose?—The whole of our Revenues now in round numbers are about £50,000,000, and I think, for Imperial purposes, I should not like to say that the Imperial Government would retain less than £30,000,000

8802 Leaving 20,000,000 £, for appropriation by the Local Governments?—Yes, that would be when the whole principle of Local Financial Government was fully developed

8803 Would not Municipal Government be required for the administration of so large a sum?—No, the Municipal Governments would have nothing to do with it, it would be entirely administered by the Governments who are responsible to the Government of India and to the Secretary of State. The Municipal Governments have their own separate systems of taxation entirely independent of the Imperial system

8804 Do I rightly understand that you are favorable to one system of collection of the revenue, one portion of which would be handed to the Imperial Government, and the other to the Local Governments?—Yes, I am extremely anxious to guard against the possibility, in the operation of this system, of the Imperial Government losing any portion of its revenue, and therefore it is, that I am disposed, under a system of this sort, at least in the first instance, to retain the collection of the Imperial Revenue in the hands of the Imperial Government

8805 Are you aware that, in this Country, it is contemplated to have one system of collection for Imperial and Local purposes?—I have heard so

8806 And that, possibly, the economy to the public, will be very considerable indeed?—Yes, but it is very unsafe to argue from English precedents to Indian usage

8807 Of course, the same principle of economy will apply to India as here?—Not necessarily.

8808 But it is desirable at all events?—It is desirable, perhaps

8809 Mr. Bourke] Have you seen the Resolution of the Government of India of the 14th of December 1870, with reference to Local Taxation?—Assigning £350,000, you mean

8810 Yes, it was the Resolution of the Government of India introducing to the Local Governments the system of Local Finance which they propose to carry out?—No, I have not read the detailed Resolution, I was only aware of the result

8811 £5,000,000, I think it is altogether they propose to allocate to the different Local Governments. You will see that there are there eight Heads mentioned?—Yes, I think it is very prudent to go by steps, in this matter. My impression is that the Government of India, in inaugurating this system with care, have shown very great caution and wisdom

8812 You think that it will be prudent to go by steps?—I think so, I am a very strong advocate for it, but at the same time I would go by very cautious steps. This resolution seems to me on glancing at it now, to be a very able expansion of all the best reasons that can be urged in favor of the System

8813 The second paragraph says, "Under the present system, these Governments (that is, the Local Governments) have little liberty, and but few motives for economy in their expenditure." Do you agree with that?—Yes, clearly

8814 "It lies with the Government of India to control the growth of charges to meet which it has to raise the revenue. The Local Governments are deeply interested in the welfare of the people confided to their care, and, not knowing the requirements of other parts of the Country or of the Empire as a whole, they are liable, in their anxiety for administrative progress to allow too little weight to fiscal considerations." Do you think that that is the case?—I have said the same thing myself, many times, not so well as it is said there

8815 "Thus it happens that the Supreme and Local Governments regard from different points of view, measures involving expenditure, and, the division of responsibility being ill-

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defined, there occur conflicts of opinion injurious to the public service" ?—That is an exact statement of the fact

8816 "In order to avoid these conflicts, it is expedient that, as far as possible, the obligation to find the funds necessary for administrative improvements should rest upon the authority whose immediate duty it is to devise such Measures," you agree with all that?—Quite

8817 There have been one or two questions asked with regard to this System of Local Finance by different Members of the Committee, which go to show rather that when the Local Governments have received these different allocations of money they may go and spend these sums of money upon the different purposes to which they are applicable, and that, then, they may also go and tax the people further for Local Purposes without the Government of India having power to control them in that respect, now, do you think that there is any danger from this new system of Local Taxation of the Local Governments exercising those powers to a greater extent than they have done hitherto?—I think not, I think that when the Local Government is armed with the power of Local Taxation, it will be very cautiously exercised, because the Local Government feels, in common with the Imperial Government, how dangerous and difficult a task it is to impose new charges upon the people of India

8818 Is not this the case, that the same powers of control will remain to the Imperial Government to prevent the Local Governments from taxing the people to a greater extent for local purposes than they do now as at present exists?—Certainly, no act of the Local Government for the purpose of imposing taxation could be valid until it was submitted for the approval of the Imperial Government

8819 The system at present is, is it not, for the Local Governments to send up their different budgets to the Supreme Government before the Acts are passed by the Local Legislatures, to give those Budgets effect?—That is so

8820 So that it will always be in the power of the Supreme Government to check any undue expenditure of money on the part of the Local Governments if the Supreme Government think that they are exceeding their due bounds?—Yes, that safeguard would unquestionably exist

8821 Have you heard at all, since this new system of Local Finance has been introduced, whether the Local Governments have had any practical experience of economy being practised by the different officers who have had the expenditure of money in their Departments?—No, I have not heard any particulars of that kind, but I notice, in the last Budget, a statement of the Financial Member of Council, that, already, some of the Local Governments have administered their new powers with so much frugality, that they have begun to accumulate a Reserve Fund

8822 And you think that is a practical test of the results of the policy of the new system of Local Finance?—I noticed that with very great satisfaction I think it a most promising circumstance, and it struck me more especially, because it seemed to me that the Financial Member of Council did not speak with very great warmth as to this policy

8823 Do you think, then, if this attempt at Local Finance is successful, it would be advisable to proceed further in the same direction, and to give to the Local Governments the power of control over the taxation as well as over the expenditure?—Yes, I think that the system is capable of very considerable expansion, and that it should be developed, gradually, by the light of experience

8824 Now, generally, do you look forward to a reform in Indian Finance by means more of a reduction of expenditure than by a new system of taxation?—Yes, I am not at all hopeful of new systems of taxation, nor am I disposed to encourage them. The resources of India have now attained a very great amount, they were not one-third of their present amount 30 years ago, and, at that time, the expenditure of India was £2,000,000 in excess of its revenue, so that, if the same proportions were maintained as now, we should have an annual Deficit of £8,000,000, I am exceedingly opposed to any attempt to increase the resources of India by taxation, I am most favorable to every attempt to retrench expenditure

8825 Do you think that, in order to produce economy in every Department it requires the most vigilant care on behalf of the people connected with the Supreme Government?—I am perfectly satisfied that it is a hopeless task for the Supreme Government to attempt to introduce economy into the details of Indian expenditure

8826 To whom, then, would you look for accomplishing economy in details of expenditure?—I would look to the Local Governments

8827 *Mr Lyttelton*] Would you make the Permanently-settled Districts liable to be locally taxed to the same extent as those under a Temporary Settlement?—Yes, the fact of the Permanent Settlement being in operation would not make any difference in my mind to the application of the system

8828 For instance, supposing, in the case of Bengal, the Authorities thought fit to raise money for all their local requirements by means of a land tax, that would be equivalent, would it not, very nearly to a doubling of the existing land revenue?—If the Government of Bengal wished to supplement their resources by an undue taxation upon the landholders, they would be subject to the control of the Government of India, which, I think, would be very properly exercised, but I see no objection in principle to the taxation of the zemindars under the Permanent Settlement for local purposes, but I see every possible objection to their taxation for Imperial Purposes

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The Local Governments feel, in common with the Imperial Government, how dangerous and difficult a task it is to impose new charges upon the people of India

If the new system succeed, the Local Governments might be allowed control over taxation, as well as over expenditure

Not at all hopeful of new systems of taxation. Every effort should be made to reduce expenditure

It is a hopeless task for the Supreme Government to attempt this retrenchment—the Local Governments must do it

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8829 Do you think that they would be able to appreciate the difference between Imperial purposes and Local purposes?—I think that they are sufficiently acute to appreciate the distinction. The injustice and the breach of compact in exacting from the Zemindars, as Zemindars, an additional contribution to the State is manifest, but if you localise the administration of the Government, and, for local purposes, an additional Local Cess is put upon the landholders in respect of their occupation of land, I see no objection to that, nor do I think that there is much reason to doubt that the distinction would be understood by themselves.

8830 Is it not the case, is it not, in fact, their argument, that taxes will be imposed upon them from which they were distinctly exempted by Lord Cornwallis's Settlement?—I know they say so.

8831 But it is the case, is it not, a road, in Lord Cornwallis's time, would be made out of the revenues of India, in future, if this scheme comes into operation, it will be made by means of a Road Cess?—Yes.

8832 That is an additional burden upon the Zemindars?—It is a burden imposed upon the locality. If they want a road in Bengal there is a Road Cess, if they want to maintain a School in Bengal, there is a School Cess, and that is done under the authority of the Local Government. No portion of the funds so raised, find their way into the Imperial Treasury, but are collected in the locality, and are applied to the purposes of the locality. You cannot carry the distinction any further, it appears to me that it is a valid distinction, and that a tax raised in a locality for local purposes, is entirely distinguishable from a tax raised from the same class of people, and put into the Imperial Treasury, and which may be applied to something or other in which the locality has no interest.

8833 You think, as a fact, that they will draw that distinction, and that there will be no political danger in developing, to the extent you have sketched out, a system of Local Finance?—They are very ingenious and acute, and no class of people in the world understand distinctions better than the Bengalees do.

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855 Mr Ayrton.] Now do you think that economy might be further enforced in India by the Decentralisation of the Finances?—Yes, I think that is the main point of all, that is really the key to the solution of the whole problem. And I may mention that this Decentralisation is not at all a new idea, it was an early aspiration of our Indian Administrators, and it has had a gradual growth and development. It soon began to be perceived that it was simply impossible that the whole of that great Country, with its immense population, 67,000,000 for the province of Lower Bengal alone, for instance, could be administered on the principle of centralisation, and, as early as Lord Amherst's time, an Act was passed by which Local Funds were established, and Local Agents were appointed, that was merely a small germ of Local Administration. And, as I have already mentioned, the old town duties were put into that Fund until it became necessary to reabsorb them into the fisc in consequence of the financial difficulties arising out of the first Burmese war. It will be found, on looking over my three Budget Statements, while I was Minister of Finance in India, that, every year, the Government of India transferred to Local Receipts, to be administered by the Local Governments, various sources of income more or less of a local character, and that, developing, more fully, a germ which had been planted under Lord Canning's Government, I arranged for an annual Local Fund Budget, that is Annual Estimates, an Annual Account, and a regular audit of Local Funds. Mr Lang had the same aspirations, he actually assigned £500,000 to be raised by the Local Governments, but that was a premature effort. Mr Massey had the same aspirations. The first occasion, however, on which any general substantial application was given to the principle, was the resolution of the 31st of August, 1864, towards the end of my administration of the finances, by which it was arranged that the expense of the police of the towns of every part of British India should be charged upon Local Funds, and should be so provided for, and the effect of this principle in promoting Local Self-government was pointed out. The final application of it, which now has to be retted upon and practically considered, was Lord Mayo's Resolution of the 14th of December 1870, by which certain Branches of Administration, Police and Education, and so forth were placed under the Local Governments, and a sum of something less than £5,000,000 was appropriated out of the Revenue for carrying on that Service.

856 Do you approve of that arrangement?—I entirely approve of it, I think it an excellent first step, but it is of a provisional and imperfect character. It is open to this obvious objection, that no self-adjusting principle is provided between the Services which have been transferred to the Local Governments, and those which have been retained by the Central Government, or rather between the funds applicable to each, so that, from year to year, while there may be a deficiency in the local budgets requiring to be met by Local Taxation, there may be a decided Surplus in the General Budget. That want of harmony, and want of mutual arrangement, is a decisive objection, and the more so as the particular branches of administration transferred are those which develop most rapidly, under an improving state of society. One main reason given for this arrangement is, that the particular branches of administration transferred to the Local Governments are such as are likely to be a subject of interest to the Local Governments and Communities, but the fact is that there are other Branches which are

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quite as much a subject of interest to them. The assessment and management of the Land Revenue, the Customs, the Salt, the Judicial Administration, are quite as much a subject of Local interest, in fact, the Judicial and Revenue Administration are more a subject of local interest to these Local Communities than some of those branches which have been actually transferred. That, I also think a great defect.

857 Do you think then that they ought to have proceeded upon the other basis of leaving the Local Administration to be borne out of a specific Fund, excepting only those that were merely Imperial?—Yes, I think that we should come to that. Do not understand me as objecting to what Lord Mayo did, for I think that was a great step in advance, and was perhaps all he could, in safety, do. The whole of India is going through a process of education on this subject, and that, perhaps, was the best that could be done as a first step, but the main reason why this measure of Lord Mayo's, although so good as a first step, cannot be maintained as a final arrangement, is the influence of the balance of the revenue. In the management of public Revenue and Expenditure, it is quite as influential and decisive a consideration who is to have the balance, as it is in the management of a private estate. Even if a private estate has as many charges upon it as the coats of an onion, yet if the Surplus, whatever it may be, clearly belongs to a particular individual, that individual has the strongest motive to improve that estate, and so it is here. The real virtue of the principle of Local Administration consists in the circumstance that whatever can be saved by economy, by avoiding unnecessary expenditure, by doing things as cheaply as possible, should go to the Local Community. Now Lord Mayo's arrangement altogether fails in that, the balance or net surplus remains in fact with the Central Government. For these reasons, and many others, I think that the practical application of the principle should be reversed, by taking out the Services administered by the Supreme Government and leaving the entire surplus to the Local Governments. The real administration of India is vested in the Local Governments, for all practical administrative purposes they are the major, and the Supreme Government is the minor, quantity. Instead of attempting to define what the Local Governments should do, the process ought to be reversed. The functions of the Supreme Government should be defined, and everything not included in that definition should be left to the Local Governments.

858 You would put our Local Presidency Governments very much on the footing of a Native State which pays a specific sum to the British Government of India and gets the benefit of its general protection?—Yes, with the addition of a more active supervision on the part of the Supreme Government.

859 Leaving all the details to the Local Administration?—Yes. In fact we are nearer that result than we imagine. The real Government of India, as it affects the daily wants and habits of the people, is actually vested in the eight Local Administrations, the entire Civil Administration, the assessment and collection of the land revenue (this assessment being much the most important function of Indian administration as affecting the welfare of the people), the Police, the entire Judicial administration, Public Works, except so far as they have been concentrated under Calcutta, and Education, are all under the Local Governments. Obviously, therefore, instead of setting apart particular branches of Local Administration, and making special assignments for carrying them on, the Services under the immediate charge of the Supreme Government ought to be eliminated, and, for carrying them on, a sufficient sum should be annually taken out of the General Revenue.

860 Out of the General Revenue of each District, do you mean?—Out of the General Revenue of India, and all the rest should be left to the Local Governments. The real key to this great reform would then be reached, the disposal of the balance or net surplus, that is the key to the whole. So far as it has been tried, judging from Bengal, where it has been carefully administered, this plan has worked extremely well, but symptoms are already appearing of the imperfection which I pointed out. The Governor of Bengal complains that the branch of his administration which most stands in need of reform is the subordinate District establishments, but, inasmuch as they have been reserved by the Central Government, together with the Funds applicable to them, he is not able to enter upon the subject as he would wish.

861 Have you directed your attention to the peculiarity of the arrangement by which the Local Governments are to look to local sources of revenue to make good any deficiency that may arise in the assignment that has been made to the special services of their District?—Yes, my belief is that, if the plan was carried out in the way which I have suggested, the necessity for Local Provincial Taxes would disappear. If the foregoing plan be carried out, the necessity for local taxation would disappear.

862 *Chairman*] I believe you wish to add to your answer to the last question put to you on Tuesday?—Yes, with the leave of the Committee, I will complete that answer. The necessity for additional taxation arises from the fact that one portion of the finances has been dismembered from the rest. If all the assets and liabilities were kept together, and proper economy were observed, there would be ample for every purpose. It is the old story of the belly and the members, certain members have been cut off from the Financial Reserve, the special assignments with which they have been endowed being quite insufficient to meet their prospective development, consequently they wither and require to be supplied with nourishment from some other source. The General Exchequer has been broken into two, one of the fragments being made dependent upon Local Taxation.

863 What is your view, or have you any view, as to the mode by which the system of indefinite taxation could be restrained by means of representation, or of the finances being supervised?—I am of opinion that, as in other Countries where the same principle has been

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The local governments are the major quantity, the Supreme Government is the minor quantity, the functions of the Supreme Government should be defined or limited and every thing else should be left to the local governments, who paying their quota of imperial charge would retain all surplus revenue. The whole of India is going through a process of education which should lead up to this.

If the foregoing plan be carried out, the necessity for local taxation would disappear.

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Representation must be commensurate with taxation

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carried out, representation must be commensurate with taxation. I think that there ought to be first, Provincial Councils, that is, eight quasi-representative Councils (I do not say that they should be appointed by popular election at first) at the chief seats of the eight Local Administrations. Then there should be Zillah, or County Councils, each District being represented by its notables and confidential men. And, lastly, there should be town and village Municipalities, and the principle of direct election should be introduced within such limits as may be safe and expedient?

864 Do you mean for the Provincial Councils?—Not at first in the Provincial Councils, but certainly in the town and village municipalities, and possibly in the Zillah or County, but that is what we should work up to, actual election, and we have had experience enough to show that it is quite practicable. The earliest instance of it that I remember, was when Government separated its connection from the religious endowments of the Madras Presidency, the moment they were set free from the Government control, different classes of religious opinion came to the surface, the old-fashioned Hindoos claimed to have their entire management, but the new school, who had been educated under our *regime*, said that they were Hindoos also, belonged to the Hindoo nation, and participated, more or less, in the faith of their fathers, and they should have a share of the management too, and I remember that the Collector of Madras, where there is one of the richest of those foundations, proposed that it should be put to the vote, and he actually distributed voting papers and had an election, the two Wardens, as they are called, who were to have charge of this large Endowment, were elected in that way by popular election with great general satisfaction, and, when I was recalled from Madras, considerable progress had been made in the formation of a Municipality for Madras on the same principle. I am confident that it would have succeeded.

867 With reference to the Provincial Councils, do you consider that, for the present, the constitution of those Councils should be on the footing established by law for Madras and Bombay?—No, I think it should be enlarged. I think that there should be a Representative of every District in the Presidency, selected, at first, by the Government, but, in selecting him the Government should take appropriate means of ascertaining that they got the man who, on the whole, possessed the confidence of the District in the greatest degree. That should be the primary qualification, mere executive ability or even extensive knowledge, should be considered quite secondary compared with the fact of the Representative having the confidence of the District.

No new taxation, or borrowing, should be permitted without the express previous sanction of the Supreme Government

873 Would you preserve the present power of the Supreme Government over the Provincial Councils to prevent any new tax being levied without the sanction of the Governor General?—Yes, entirely so. I think that no new taxation, or borrowing, should be permitted without the express previous sanction of the Supreme Government, with a full statement of reasons, and, moreover, that it should be shown that each particular proposal had undergone full local scrutiny, and that it was approved by the prevailing good sense and influence of the Province. In other words, I think that the check from above, should be firmly maintained until that from below has been fully matured.

874 Then you would require that check and judgment to be interposed before the Local Government submitted any scheme of taxation to the Provincial Council?—I think it should, first, undergo the ordeal of a full local discussion by the Representatives of the people of the Province.

875 Is it your view that, after the Local Council has discussed the subject, and formed its opinion, the Governor General should then interpose his authority, or do you mean that the finance should be carried on as it is in this Country, and that the proposal for taxation should be on the authority of the Government, that is to say, the Local Government and the Supreme Government?—I think that the point of interposition and control of the Supreme Government should be after the matter has been fully discussed locally. I conceive that, until that has taken place, until it has been seen what the people have inside their minds on the subject, and what the local interests and influences are, the Supreme Government would not be in a position to judge of the merits of the different cases.

876 Have you considered what the effect would be of the British Government plying off two Governments upon the people, one at Bombay proposing a tax, and the other at Calcutta rejecting it?—I think that one of the chief merits of the framework or scheme, into which our Indian Empire has settled down, is, to follow Mount Stuart Elphinstone's view, that it furnishes the opportunity of trying all sorts of experiments in politics and administration on a small scale, without compromising the rest of the Country, so that the plans which are successful in any particular Province become a model to the whole Country, while those that fail act as a warning to the whole Country.

877 Was not his remark applicable rather to what may be called administrative officers dealing with large Disuricts?—No doubt it was, but it equally applies to Administration however conducted, whether entirely on the old official system, or with a greater or less infusion of the popular element.

878 But do you not see a distinction between an Administrative Officer administering a District and the Representative of the Crown administering the actual Government in place of the Crown?—In this point of view I see no distinction, I do not apprehend your meaning.

879 Is there not a distinction between an Administrative Officer administering one or two Zillahs, and the Representative of the British Crown in India administering the whole Government of the Presidency?—I do not understand that the Governors, Lieutenant-Governors,

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and Chief Commissioners administering the eight Provinces of the British Indian Empire stand now on a different footing in respect to the public interests or their own public responsibilities, from what they did under the East India Company

880 Was not Mr Elphinstone's view applicable to the administration of the District when he was administering a District in the Deccan, or was it applied by him to his functions as a Governor?—On the occasion when I remember it, it had reference to differences between the Governments. He said that, so far from objecting to the absence of uniformity, he considered it a positive advantage, because it enabled the same experiment to be tried in a variety of different ways, and the absence of any such power of trying experiments in different ways was one main objection to the system which is now coming to an end, of governing entirely from the single Centre of Calcutta, by one set of people, according to one model, namely, the Bengal model

881 In these Councils you would propose that all the responsibility of finance or of originating finance should rest with the Executive Government, I presume?—Yes, entirely so, an individual member of Council should have no power of originating any expense

882 Or any tax?—Or any tax, the initiative would remain with the responsible Executive Government

883 And would you propose that the eight Provincial Governments should be reorganised to carry on their administration in the same way as you propose that the Supreme Government should be reorganised in the relation of the Executive Government, finance, and expenditure?—It does not require any reorganisation, the reorganisation is all there, it is merely that the springs should be placed in the hands of the Local Governments instead of the Supreme Government. It is a more easy transition even than that, because it is only quite of late years that the Supreme Government has taken possession of these springs, and it is merely to return matters to their former state

884 I meant, whether you proposed that there should be a budget prepared by the Local Government, and submitted to the Local Council?—Yes, the Deputy Accountant General at Madras, for instance, or Bombay, instead of being the servant of the Supreme Government, would become, as he was in former days, the servant of the Local Government, and the Auditor the same, and would conduct, under the directions of the Local Government, this improved system of finance under improved circumstances. The Accountant General at Calcutta might, or might not, gather up the whole in an Annual General Statement to be submitted to the Home Government. I suppose each of the eight Administrations would send at least one copy of their Budgets home, direct, to save time. I should like to touch briefly upon the application of this great change under three Heads: first of all, Public Works. Of course, as the Accountant Officers would again come under the control of the Local Governments, so would the Public Works officers, and we should then, at last, have disinterred the practical engineer and man of business employer, to whom I alluded in my former evidence, from under the mountain of useless, mischievous, expensive officialism. We should have got at an authority entrusted with spending the money who has some very considerable direct interest in economy. We should have arrived at real direct personal action and responsibility, and should have got rid of the scramble and the uncertainty, and have vindicated the principle of individuality against that of a vast unmanageable aggregate. And the same, in reference to Irrigation. The change would be especially blessed in reference to Irrigation. I have not a doubt that, as soon as it is known, in the south of India, that a change of this sort is in contemplation, the agricultural population will immediately begin to look up those hundreds of ruined tanks I was speaking of, and think of restoring the bunds between hills, and so forth, and, as for the canals, it will never enter into their imagination to undertake them, at least in the manner in which we have been doing. And then it will have another remarkable effect in sweeping up alienations from the Revenue. Our Government, ever since Lord Cornwallis's time, has been in a chronic state of antagonism with the landowners and other people of influence, in regard to Alienations of the revenue, Jaghires, Inams, and everything of that sort, and we have been all through in a false position, because our object was to sweep all these alienations into the fisc. Now, inasmuch as the people of the Country had no direct personal influence over the fisc, they regarded these resumptious as a dead loss, they were swept into a General Reservoir, where they were entirely beyond their own control, and consequently they were continually fighting the question with us, but when the finance of India is localised and broken up into manageable Sections, then a strong natural interest in these Alienations will arise in the minds of the local populations. In the Punjab, for instance, the proportion of the revenue which has been alienated for a longer or shorter period, is extraordinary. Viewed in a popular sense, in the taxpayer's sense, it is a great grievance, it imposes an inordinate, unfair burden upon those who still remain charged. I will answer for it that the minds of the first Council at Lahore constated more or less on the popular principle, will run upon this, and they will think how much they might do by recovering such and such Alienations for which there is no real ground, and they will be able to do what we cannot do. And the same with the large payments out of the Revenue, of which we have been speaking, to the Tippoo family, and the Carnatic family, and so forth, those would become grievances and scandals of the highest order, in fact they could not take place, it would be impossible to take the money directly from under the control of a Local Popular Council, and give it to people who spend it in idleness at the best, and generally much worse, in gross dissipation. The junior collateral branches of those families are the most depraved people on the whole face of the earth, for the simple reason that, generation after generation,

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As soon as the Madras Presidency obtains financial independence, the agricultural population will immediately begin to look up their hundreds of ruined tanks, whilst the provincial and the zillah representative councils would sweep up alienations of land revenue

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they have been entirely relieved from the condition of our race of working for their bread, they live in perfect idleness, and spend their time in dissipation. Gulam Mahomed, as I said, was an exception, and he has spent a great part of the additional funds that were so unexpectedly placed at his disposal in large donations to charities, by the lac of rupees.

885 *Mr J B Smith*] It is your opinion that, if these grants had been submitted to Native Councils, they never would have been allowed?—Certainly, they would not, in fact, the people would no longer be indifferent to these things, they would be brought face to face with them. And, then, the last incident, but great, I think, would be that the Supreme Government would become detached from Bengal, and would be reconstituted by selecting the noblest and best men from every part of India for the Secretariat as well as for the seats in Council. There would be an end to the mischievous plan of employing one Presidency to govern the others, and, of course, to impose its own limited experience, and its own model, upon all the rest. The injurious effect of that, although it comes less to the surface, has been very great indeed, it had almost paralysed the Administration of India, before the change took place.

4th March 1878

1176 *Mr J B Smith*] You have expressed a strong opinion that it is expedient to decentralise the Government of India, and to adopt Local Governments?—Yes.

1177 How many Local Governments would you adopt?—The existing number of eight.

1178 What are they?—They are Bengal, Madras, Bombay, the Central Provinces, the North-Western Provinces, the Punjab, British Burmah, and Oude, but Oude, no doubt, will be absorbed into the North-Western Provinces.

1179 Will you be so kind as to define the functions of your proposed Governments of these several Provinces?—I can do it better by defining the functions of the Supreme Government, and then saying that everything else will belong to the Local Governments. The functions of the Supreme Government I conceive to be, first, the management of the public debt of India, next, to be the organ and manager, so far as the matter depends upon Indian management, of the Home expenditure, that is to say, that all communications in regard to the Home expenditure should be carried on by the Supreme Government, between the Governor General and the Secretary of State, then the diplomacy of India, the foreign relations. But I will mention the subjects in the order in which I find them in Sir Richard Temple's last Financial Statement. Interest on Funded and Unfunded Debt, Interest on Service Funds, and other Accounts, which is debt under another form (I am speaking of expenditure now), Customs, Salt, Opium, Mint, Post Office, Telegraph, Political Agencies, Allowances and Assignments under Treaties and Engagements, Army, and Railways, so far as it may be desirable that the Central Government should influence the Railways.

1180 *Chairman*] To produce harmony in relation to one another?—Yes, for the same reason for which it takes entire charge of the Post Office arrangements, I would have the Supreme Government take a limited qualified charge of the Railways, merely for the purpose of producing harmony throughout India, especially in reference to those Railways which pass through more than one Administration. As regards those that belong entirely to the same Administration, the Supreme Government might leave them to be managed by the Local Administration. Then the next head is Guaranteed Interest on Railway Capital less Traffic Receipts, there are three Heads of debt, and that is the third. Then it will be seen that there are several Heads of Expenditure which are connected with Revenue, and so, perhaps, I had better proceed at once to the mode in which the expenditure of the Government of India, in the performance of these services, should be provided for.

1181 Do you include in "Army" all Military Works?—Yes, all Military Works whatever. It would be Public Works as far as the Army is concerned.

1182 *Sir G Balfour*] You are aware that there are no Military Public Works charged in the Army Expenditure at present?—No, but I think that the Administration which manages the personnel of the Army ought also to manage the Works of the Army. I do not mean that they should have officers of their own to do it, probably it would be done through the Public Works Establishments of the Local Governments, but still it should be done on the responsibility of the Supreme Government, which would be charged with the Administration of the Army, it should be for them to say what barracks should be built, and how they should be built, and fortifications and everything else. Then I was going on to speak in reference to the manner in which these Services should be provided for. Now, no doubt, if we went strictly according to principle, the Supreme Government would confine itself to the administration of these Services, and would draw upon the different Local Administrations *pro rata* for the whole of the expense, and the more so, because the whole of the revenue is actually managed by the Local Administrations, and must continue to be so managed, there cannot be any such thing as the Supreme Government having itself the direct detailed administration of any branch of Revenue properly so called. There are incidental receipts connected with some of these Services, rather large Receipts, for instance, connected with the Army, and the Post Office, and Telegraph, which, of course, would be brought to account by the Department which managed those administrations, but with that exception (which is not properly Revenue, but merely an incidental Receipt of a public service), the whole of the Revenue Proper always has been, and always must be, managed by the Local Governments, and, therefore, the right thing would be, if we proceeded in a perfectly symmetrical manner, that the Supreme Government should charge the cost of those Services, minus the incidental Receipts, to the different Governments *pro rata*. But there are objections to that principle being fully carried out, because there are some Branches of Revenue which

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cannot be entirely attributed to any one Administration, but are more or less common to all. I will go through them. The first of these is the Customs. Although the Customs, both import and export, are collected by the Maritime Local Governments, Bengal, Madras and Bombay, and a small portion on the North-Western Frontier, by the Government of Allahabad, yet the receipts really belong to the whole of India, and it would be impossible to say what portion of the Customs Duties received at Calcutta belonged to Bengal Proper, or what portion came from the North-Western Provinces, or other Countries beyond, and the same with the Madras and Bombay Receipts, and so there is that difficulty. The same in respect to Salt, Madras levies Salt Duty, to a great extent, from the Central Provinces, Hyderabad and Mysore, and Bombay also from the Central Provinces and various Native States. Then, since, of late years, the Liverpool salt has had such free course in the Gangetic Valley, it has been continually encroaching on the Sambhur and other indigenous salts, and has been pushing its way up the Ganges and Jumna, so that a great deal of the Salt Revenue, although collected at Calcutta, really belongs to the North-Western Provinces. Then, Opium is an anomaly altogether. Opium is managed entirely by the Government of Bengal, but the field of the monopoly, the District in which the opium is grown, is partly in Behar under the Government of Bengal, and partly in the North-Western Provinces and Oude, and there is a talk now of extending it to the Punjab, which I hope will not be done. Then Mints, I think, everybody will agree, are an Imperial Central affair. The Mint at Calcutta is actually under the Government of India, and it would be well if the Mint at Bombay were so also.

1183 *Mr Dickinson*] Is the Mint at Bombay necessary at all?—Yes, I think so, I could give reasons for that. The Madras Mint, however, was abolished with great advantage. The Paper Currency, as being part of the monetary system, would be under the Supreme Government. Then the Post Office, of course, is general, the Telegraph, of course, is general. As regards the Army, I have already given my reasons for proposing that it should be under the Supreme Government.

1184 What about Marine?—That ought to be local entirely, in fact we ought to have no Marine establishment at all. It is difficult to invent excuses for having any Marine at all, because now, besides the abundance of freight ships, there are capital lines of passage and freight steamers round all the coasts of India and the adjoining Countries. The way in which I would provide for the expenditure of the Government of India is, first, by appropriating to the Government of India the entire produce of the Customs. Of course the analogy of the United States will be remembered, it is through the Customs, that the expenditure of the Central Government of the United States is provided for. Then I would appropriate to the Supreme Government the entire produce of the Salt Duties, and the entire net Produce of the Opium Monopoly, and the entire produce of the Bombay export duty upon Opium, and the Receipts from the Mints, Post Office and Telegraphs, the incidental receipts of the Army, and, of course, the Railways.

1185 *Mr J B Smith*] Stamps?—No, Stamps would be essentially Local. I calculate roughly that the expenditure, according to the present scale of the Government of India, according to this scheme, would be something less than 30 millions a year, and that the ordinary available Income would be something more than 20 millions, so that the balance, whatever it might be, would have to be declared from year to year by the Supreme Government when it made up its Budget, and would have to be apportioned among the Local Governments, and I should hope that it might be done simply by a *pro rata* charge upon their respective Revenues. There has been a great deal of loose, partial discussion on this subject in former years, without our having had any clear idea of what we were running at, and it was always the Army expenditure which put everything out of joint. There was always a question going on between the Military and the Civil Expenditure in the Provinces, and Local Governments which, excluding the Army Expenditure, would have a considerable Surplus, the moment you include the Army expenditure are thrown into Deficit. That thorn would be extracted, according to my proposals, by eliminating the Army expenditure in the first instance, for instance, take the Punjab, which has a disproportionate amount of military force, the military force in the Punjab would all be attributed to the Supreme Government, and, except so far as the Supreme Government would, from year to year, apportion upon the Punjab its allotment of the balance of the expenditure of the Supreme Government after taking into account the branches of revenue specially attached to it, that Province would be left with a clear Surplus over its ordinary current Expenses. Then we come to the influential result of this. In the first place, the Supreme Government would be put upon its good behaviour in regard to expenditure. It would not really have much to do with the income, because, as I said, that would continue to be managed by the Local Governments, but, still, it would have to look after Customs, Salt, and Opium, and see that they were made the most of. But, as regards expenditure, the Supreme Government would come under a powerful motive to economise. My belief is that, when the Supreme Government, instead of making up the Budget for the whole of India, which is an unmanageable confused thing, shall be limited to the expenditure for which it will be itself responsible, it will look to it in a way it never has before. The thing will be manageable, the Supreme Government will be able to do it, it will have it well in hand, and will have the strongest motive to do it well. My belief is that the Army expenditure will go rapidly down when the whole 16 millions (including the Home Expenditure, the estimated cost of the Indian Army for 1872-73 is £15,862,000, besides a large charge, in the Public Works Department, for Military Buildings), which it has now grown to, a most preposterous sum, is charged

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to the Supreme Government, for then whatever savings the Supreme Government may be able to make from year to year, will go to diminish the Debt on its Annual Budget, and so far to diminish its claims upon the Local Governments. Then there would be an incidental advantage in Opium being put into the Budget of the Supreme Government. We are never tired of remarking the confusion which the Opium Revenue introduces into the Indian Accounts from its variability, but if it were safely deposited under the Supreme Government, with the power of drawing upon the Local Governments for the difference, I think we should hear much less of the variability of the Opium Revenue. Then, to turn to the Local Governments, the motive to economy on their part would be more powerful still, because they would have the entire balance. After deducting their own necessary expenditure for establishments, and so forth, and the annual allotment in aid of the expenses of the Supreme Government, the entire balance would belong to them, and that brings us to the real motive for economy.

1186 How would you appropriate the Land Revenue?—Under the Local Governments entirely, that is essentially Local, and, more than that, the management of the land revenue is a great deal more than collecting so many rupees. The assessment of the land revenue is a point of the most vital concern. How the land revenue is assessed, determines whether the great agricultural population of India lives in a state of comfort, or even affluence, or in a state of misery, I have seen both states of things, both extremes. I have seen, by mismanagement of the assessment, by over-assessment, whole Districts depopulated, to our disgrace, and taking refuge in the adjoining Native States, and I have, also, seen large, wide Districts living in a state of the greatest possible comfort and well-being, all owing to the good management of the land revenue.

1187 You would propose that the Councils should be composed of Natives as well as of Europeans?—Yes, from the first, I would have a scheme of representation. Take the Madras Presidency as an example, I would have a Representative from every one of the 19 or 20 Districts of the Madras Presidency, and others from the principal towns, to be selected by the Government in the first instance.

1188 Do you mean Natives?—Yes, I would also have a senatorial element, composed of official people selected for the purpose.

1189 Do you propose that these Representatives should be selected by the Government?—In the first instance, by the Government, but, although selected by the Government, if they were properly selected, and if real representative men were taken, they would be as really representative of the respective Districts as if they had been elected by popular ballot.

1190 Now would you propose that there should be, in each locality, a separate Board of Works?—I propose that the administration of the public works should be entirely decentralized and placed under the respective Local Government.

1191 But those would comprise only local works, works belonging to that Province?—Only belonging to that Province certainly.

1192 But how would you do in the case of these great irrigation works which have been paid for by the General Government?—I would localise them. If irrigation works are worth paying for, and likely to be profitable, the Local Governments would provide for them, and I consider that to relegate those great irrigation works to the respective Local Governments in whose Provinces they are situated, will furnish the best security for their being dealt with in the best possible manner, either by discontinuing them altogether, or by limiting them, or by completing them. You will find sufficient evidence of this in the Report of the Governor of Bengal, which has just come.

1193—The whole of the Railways throughout India you would propose to place under the General Government?—As the Railways are, like the Post Office and Telegraph, a means of general communication, I think that the General Government must have the power of determining, subject to certain general conditions, how far it will administer the Railways. As far as possible, I would have the detailed arrangement of the Railways left to the Railway Companies in communication with the Local Governments.

1194 You gave some evidence about export duties, and you appeared to think that, in many cases, they were justifiable?—Yes.

1195 Now I think that you instanced the case of jute, which is an article which is not grown by other Countries?—So far as I can obtain information, it is grown in no other Country than India, and in India only in a particular District, Eastern Bengal.

1196 But, now, the Bengal settlement is such that it prohibits us from deriving any benefit from the increased value of the land in Bengal?—Yes.

1197 But millions of money have been expended by the General Government in that Province which have probably doubled or trebled the value of the land?—Far more than that.

1198 Would it be unjust, therefore, in your opinion, in consideration of the advantages which these people have derived from this expenditure, to place an export duty on their produce?—No, on the contrary, it would be highly just. As regards Opium, we do that with a vengeance, we take three-fourths of the net produce of the Opium. As regards jute, I would only propose to take 3, or at the most 5 per cent.

1199 Is not India, at large, entitled to some compensation for the vast sums spent on the Province of Bengal by the Government?—Yes, certainly, the Government has made an enormous sacrifice in limiting its claim to land revenue in Bengal, and thereby has increased the burthen of taxation upon all the rest of India, therefore, so far as we can do so, consistently with good faith, we ought to replace a portion of the burthen upon the Province of Bengal.

Recommends export duties on the produce of Bengal

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1200 Can you suggest any means of doing so, except that of a duty on exports?—No. As the municipal taxation is common to the whole of India, that cannot be regarded as a means of making this readjustment of taxation of which you speak. Therefore the only mode, of which I am aware of doing this justice to the rest of India is by placing such a moderate export duty upon the products of Bengal as it can bear without injuring the trade.

CHAPTER VI

SIR C. E. TREVELYAN,
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1201 It would be no injustice to Bengal if we tax their produce without taxing the other Provinces, would it, inasmuch as the land settlement in all the other Provinces of India is a limited one, and the Government derives the advantage at the expiration of the settlement of obtaining a larger revenue from the land?—The circumstance of the limitation of the land revenue in Bengal, and the wonderful pecuniary advantages which have been obtained by the landowners of Bengal thereby, is a reason for imposing any just, and proper, and moderate tax which can be levied on the Province of Bengal. But whatever tax is levied, I would make it common to the whole Country. If jute is grown anywhere else than in East Bengal, I would take the same tax from it. There are other articles produced in other parts of India, upon which I consider that a moderate export duty should also be levied, for instance, Hides and one or two other things which I could name.

1218 You stated that you would have each Province govern itself, and that the revenue should be applied to the expenditure of the Province. Would you give any control to the General Government over the expenditure of the Province?—In the first place, I would have the General Government deduct, according to a well-considered plan, the proportion which each Province should contribute towards the deficiency of the branches of Revenue immediately assigned to the Supreme Government, and, then, I would give the Supreme Government an absolute control over the finances of the Local Governments as regards new taxation, and as regards the incurring of debt, and, beyond that, as the Central Government is the Supreme Government of India, and there must be a Supreme Government, the functions of which in case of emergency cannot be limited by any strict rules, they would have the power of commenting upon, and issuing orders on, any subject whatever, but the ordinary distribution of functions and responsibilities would be what I have recommended.

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1219 You have complained of the extravagant expenditure in Bombay, and you said that the General Government disapproved of this expenditure, but that they could not control it. In what way would they be able to control it under your plan of separate Provincial Governments?—In the first place, I think that the people of Bombay would look after it, because, at present the people of Bombay, that is the influential people, the European and Native merchants and bankers, and the classes of people who directly influence the Local Government, know that it is not really their own money which they are spending, but the money of the other Provinces of India, and, therefore, under present circumstances, excessive and profuse expenditure is highly popular in Bombay, but, if the finances were localised, and these classes of people in Bombay knew that they were spending their own money, and that, if there was a deficiency, they would have to make it good themselves, they would be careful how they exceeded, and then there would be the control exercised by the Supreme Government over new taxation and borrowing. As deficiencies can only be made good from one of those two sources, it seems to me that the control of the Supreme Government would be complete.

1220 Did the merchants of Bombay make any complaints of the extravagant expenditure by the Governor of that Province?—No, the course of profusion followed by the Bombay Government was highly popular with the merchants of Bombay.

1221 And might it not be so again under your plan?—No, for the reason which I mentioned, because they would be spending their own money.

1222 Then do I rightly understand you to propose that the General Government should have a veto on any expenditure which they think improper by the separate Governments?—No, I think not, they should have a veto upon taxation, and a veto upon borrowing, but the ordinary expenditure should be left to the Local Governments, with a power on the part of the Supreme Government to interfere when any changes proposed in the Local Expenditure have a bearing upon the General Administration of India. For instance, if the Government of Bombay were to propose to give much higher salaries to its civil or military officers than are given in other parts of India, that would be a case for the Supreme Government to interfere. In fact, that is the function of the Supreme Government, to look to the general interest, and to maintain a harmony throughout the Empire.

1223 Now take the case of Madras, where there are ancient water-courses and irrigation works, would you allow the Government of Madras to repair these works, and to erect such other works as they may think necessary for the benefit of the public?—Certainly, I would not interfere with their doing so.

1224 Supposing that additional means were required to effect these objects, would you allow the Provincial Government to borrow the money for that purpose?—It would be a fair subject for consideration, but my belief is, that, if the finances of India were localised in the way proposed, there would be ample for everything, including public works, and the supposed necessity for new Provincial Taxation would cease, I wish Provincial Taxation to be distinguished from the purely municipal taxation of towns and villages, that must always go on, and also of Districts, for roads and so on, but the necessity for new Provincial Taxation, such as has lately been imposed by the Government of Bombay, would cease to exist altogether.

1225 Then you would not authorise the separate Governments to raise loans for any objects that might be required?—Not without the sanction of the Supreme Government, and the

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CHAPTER XI

SIR C. E. TRIVELLYAN,
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general objections to the Loan System are so strong, that a very decided case ought to be made out in order to justify a loan

1368 *Sir C. Wingfield*—But the practical result of lowering the Income Tax in India, and exempting incomes from it, has hitherto been to shift the burden of taxation from one class to another, in proportion as you have left off Income Tax you have laid on Local Taxation, the Governments of the North West Provinces, the Punjab and Oude, immediately upon the lowering of the Income Tax, raised the Road Cess and general improvement Cess from one or two per cent, as it stood before, to a maximum of five or six, and, therefore, while numbers of the general people escaped the Income Tax, a heavy additional burden was thrown upon one class, and avowedly for that reason?—I quite admit that that sudden extension of Provincial Taxation by the Local Governments was very objectionable, and, I conceive, that it was totally unnecessary. My belief is that if the expenses of the services which really belong to the Supreme Government were taken out, and the rest of the revenue were left to the local governments, there would be no necessity whatever for any new provincial taxation. Although this new provincial taxation has been attributed to the reduction of the income tax, it has been wrongly attributed to it, it was not necessary at all, even if there had been no income tax, still it was not in the least necessary. All that was wanted was that a proper Decentralisation of the Finances should take place

1369 But, if you recollect, it was in consequence of the lowering of the Income Tax, because the Government of India were enabled to dispense with a portion of the Income Tax by throwing 350,000*l* which they had previously contributed to the local expenses of the different Governments on those Governments themselves, under that Decentralisation Order they threw that 350,000*l* on the local governments, and said, "You must raise that for yourselves as you can. Either you must altogether do away with the establishments which necessitate the expenditure, or, if you cannot make a retrenchment, you must raise the money," and they said "We cannot make any retrenchment, we must raise it," and that is how they have raised it?—No doubt a few Provincial Taxes were the consequence of that arrangement, by which certain services were transferred to the Local Governments endowed with an insufficient provision, but I maintain that that arrangement was an unsound one, that is, as a permanent arrangement. I have already said that I thought it was a great step in advance, and that Lord Mayo performed a great service by making that arrangement, but, still, as a permanent arrangement, it is untenable, it is only an imperfect commencement of Decentralisation, but, if we go on and pursue that road, and make the Decentralisation complete, then the necessity for these new Provincial Taxes will disappear altogether

1370 But, practically, as far as the people are concerned, the result of exempting a few from Income Tax has been, has it not, to impose additional burdens on a great number more?—No, referring to the explanation which I have given, I deny that the new Provincial Taxation was owing to the reduction of the Income Tax, it was really owing to an unsound financial arrangement

1371 I would say "following", it followed as an effect does the cause, the cause was that the Local Governments had to find 350,000*l* somehow or other, and they could only find it by Local Taxation?—Yes, but that arrangement, by which the Local Governments were required to find the odd 350,000*l* was not merely a provisional, but an unsound arrangement, one that cannot be maintained, and when that arrangement is superseded by a more complete Decentralisation, then this temporary result of increased Local Taxation will disappear, because the necessity for it will disappear altogether

1372 I understand that, but that does not contradict what I said, that, as far as the people of India are concerned practically, that is what the result has been, you say that it need not be the result, and I hope that it will be corrected, but, up to this time, instead of receiving any relief from a reduction of Income Tax, it has been a signal for imposing additional burdens on the agricultural class?—I think that the argument has been sufficiently worked out

1501 *Mr Dickenson*—In your Decentralising System, do you follow somewhat the existing system in England, is that your idea, if England, for instance, is raising, after deducting the interest on the Debt, say £50,000,000 by Imperial taxation, and about half of that by Local Taxation, the one under the Imperial Government and the other under Local Administration, is that the model by which you would regulate your Decentralising System?—No, our English system is too consolidated to furnish a model for the re-arrangement of India. As regards the main principles of self-government and self-taxation, and the coincidence of representation with taxation, those are all true English principles, which we would borrow, but their application to India would be not exactly according to the English model. Switzerland and the United States come nearer the mark as regards the detailed application

1502—You would give each Province almost Autonomy?—Almost Autonomy, Autonomy in every respect which was not inconsistent with the General Interest. The Local Governments would represent Local self-government, while the Supreme Government would represent the general interests

1503 But surely, by that plan, you might have different laws of succession, for instance, in different parts of the Empire?—It would be for the Governor General to see that there was a general harmony between the laws of the Empire. In fact, he does so at this moment. The Madras and Bombay Councils have the power of passing laws quite inconsistent with each other, and the Government of Bengal also, but the Governor General sees that they are not unduly inconsistent, a liberal scope, however, is allowed

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1504 That is not the model of the United States, at all events, I rather want to get from you whether the model which you go upon is rather one of administration than one of actual government?—The truth is that I have not taken any one model as my rule, but I have worked thus out on Indian and English principles. I have taken the principles of self-government and self-taxation and representation which prevail in England, and have applied them *mutatis mutandis* to India.

CHAPTER VI
SIR C. E. DUFFIN,
K.C.B.
7th March 1873

1505 Now take the Civil Service, for instance, would you have one Service throughout India?—That I would have as at present, separate Services for Bengal, Madras and Bombay, and, as the European Civil Service gradually contracts with the development of the Native administrative element, it would become more and more manageable.

2100 Sir D. Wedderburn] I understand you to disapprove of the present Decentralisation system, which hands over to the Local Governments the control of certain special Services, and assigns to them Permanent Fixed Grants from the Imperial Revenue, leaving the balance, if any, to be met by Local Taxation?—I do not disapprove of their making over those Services to the Local Governments, but to their redneing the Grant for those Services and then telling the Local Governments, "You must raise the balance, somehow or other, as you can." And it is worth noting that those special Services (I think seven in number) which the Government made over are precisely the very Services in which increase of expenditure would be called for, so that the Government of India not only rid themselves immediately of a burden of 350,000/, but, prospectively, of a very much larger burden, because they are Services that grow with the growth of the population.

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2101 But you would approve of handing over the control of those Services if the Local Governments had an interest in economising, and were able, themselves to reap the full benefit of that economy, by having the control over certain branches of Local Revenue?—I think that, practically, a great deal more fuss has been made of this Decentralisation Order than it was worth, because what was it practically? Those Services were not nominally under the control of the Local Government, that is to say, you had to put them into a budget and send them up to the Government of India for sanction. Henceforth, the Local Governments will submit their estimates for these Services as before, but they will be able, within the limits of the Fixed Assignment from the Imperial Revenues for these Services, to transfer funds from one head of service to another, whereas formerly to do this, they had to obtain the sanction of the Government of India. But, practically, to obtain this sanction was little more than a form, there is not much in it that I can see.

2102 Chanman] There seems to be a great deal in it according to your view, but not of good?—I mean not much increase of independent control given by it. The amount of independent control given to the Local Governments by this Scheme is not so great as it appears, because getting the sanction of the Government of India was a mere form before.

2103 Sir D. Wedderburn] Nor have the Local Governments any direct interest in economy, they do not reap the benefit?—In these Services they do, if, indeed, any retrenchments in them are possible, but any other retrenchments that can be effected in the general administration they do not get.

2104 Mr Beach] As there is no limit to the amount that may be raised in future by Local Taxation, that creates a feeling of uncertainty in your opinion?—I cannot imagine anything more calculated to disturb the public mind, and make people uncertain what the future may produce, than the principle of novel and incessant taxation at the mere discretion of the Government, because the Legislature after all is composed of Government nominees, and, mainly, of Government servants.

Cannot imagine anything more calculated to disturb the public mind than novel and incessant taxation at the mere discretion of the Government.

2105 What would be the interpretation in the minds of the natives which would be attributed to the term used in the Act "exigencies of the State"?—Any pretext that the State likes to put forward, I should think.

2106 Would it be ordinary purposes, or in time of war?—I should think they would attach the widest signification to it to make it cover anything.

2107 Mr Dickinson] This Local Cess is only intended to meet Local expenditure?—Yes, Local expenditure, not Imperial.

2108 As I understand, in Districts where there is a Local Expenditure, the Local Authority raises the Local Revenue to meet that expenditure, Education, Roads, and so on?—That they raise at present, and all these different new taxes are for local purposes.

2109 Then the Local Expenditure limits the Local Taxation?—I suppose that they will not raise more money than they want to spend, if you mean that, except that they might try and set by money for some specific object at a future time.

2110 Local Expenditure, then, limits Local Taxation?—Yes.

2111 Local Expenditure is dependent on the local will, is it not?—That is to say, if you have representative bodies of Rate-payers, but I am not aware that representative bodies of Rate-payers have been formed yet.

2112 But, in all Municipalities and Districts where there is this Local Taxation and Local expenditure there is a Local Body to control the expenditure, is there not?—I am not prepared to say how far the formation of Local Bodies has gone yet, but, to the best of my belief, none are representative yet. These Local Boards are composed of Government nominees, and I fancy the European officer, the Collector of the District, is the paramount man in them, the man who will really direct and rule everything. That was so in the rural Districts. In some of the larger towns there are Municipalities, but, in the Districts, the District Funds were in the hands

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SIR C WINGFIELD,
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of what was called the Local Committee, which local committee was nominated by the Government, and the Collector was at the head of it, and, for all practical purposes, he had his

2113 If that Local Committee fairly represented the Local opinion, you would then have a fair limit on Local Expenditure and Taxation, would you not?—If that Local Committee fairly represented public opinion, they might possibly not levy any taxes at all

2114 That would then be the limit of expenditure and of taxation?—At present it is entirely in the hands of the Government

2115 The main objection you entertain, as I understand, is rather to the constitution of the spending body than to the system of allowing extra taxes to go upon land for local purposes?—It is the difference between the owners of land or other property voluntarily taxing themselves, having a tax imposed upon them by Executive Authority, or Legislature, which, constituted as the Legislature is, is in their view much the same as Executive Authority

2116 Taking, for instance, a Municipality like that of Bombay, there I suppose you would consider that there ought to be a sufficient check on expenditure to justify the power of local taxation?—I do not know, I have heard that there were complaints against the Municipal Commissioner two or three years ago, of the way in which he had committed the Municipality to debt. There was a great stir in the papers about it. I do not think that the Municipality of Bombay is representative. The Justices of the Peace are the Municipality, I think

2178 *Mr Eastwick*] And you have said, I think, more than once, that this Decentralisation Scheme was a Scheme to relieve the Imperial Government of certain charges, and to throw the odium, if I may use that word, of raising certain Taxation on the Local Governments, and to relieve the Imperial Government of it?—Yes, it seems to me so

2179 Was it not also put forward as a part of the Scheme, that, in that way, the Local Governments would have a wholesome responsibility, as they would have the means of spending their money upon local objects, and, therefore, they could exercise greater economy probably, and distribute the money more carefully than the Imperial Government, who had no local knowledge?—But I think there was a great deal of fallacy about that, because, as I was saying just now, the details of expenditure on Provincial Services, within the limits of the assignment for those services, were, before that, really left to the Local Governments, the only thing was that you had to get the formal sanction of the Government of India to your budget; but the Government of India, within my experience, at least, rarely interfered with the arrangements that you sent up. It was a mere form of getting their sanction

2180 There were complaints as to the Bombay Government, were there not?—I will not say that it was a mere form in case of the Bombay Government, because we know that they did assume an extraordinary discretion in commencing expenditure on works before the sanction of the Government of India had been obtained, and, thereby, forcing its hands

Local taxation
should be regulated
by representative
bodies

2181 I want to ask you now whether you do not think that some plan might be adopted similar to what Sir Charles Trevelyan proposed of having the *punchis* of the different Collectors in the different Districts, by which the Local Governments might be able, without any inconvenience or danger to the public, to raise larger sums, and at the same time to spend them more beneficially?—If you look at some questions which I put to Sir Charles Trevelyan, you will see that I quite agree in his view of Representative Bodies in each Province (I have advocated it before), to whom there should be given, not merely a voice in the expenditure, but also in the raising of Local Taxes. And, in fact, I would go so far, that I would leave them full discretion whether to impose a Local Tax or not. I would not let it be forced upon them by the Government

The effect of the decentralisation scheme has been that the local Governments have had recourse to the landholders to make up the sums that are wanted

2182 Then I would ask whether there is any necessity for imposing the Cesses at all upon the land, whether it might not be advantageous to allow the Local Governments to raise the money that they require for these seven different objects and any other objects of a local nature, in any way they choose, of course, I cannot say what ways might be adopted, but I suppose taxation might be imposed in other ways without touching the land at all, and in that case the cultivator of the land would feel perfectly secure?—Yes, the effect of the Decentralisation Scheme has been, that the Local Governments have had recourse to the landowners to make up the sums that are wanted. They find it so very much easier to get money out of the landholders than they do out of anybody else, because the landholder is so very dependent on the forbearance of the local revenue officials. If he does not pay up his land revenue on the very day, a messenger may be sent to apprehend him and bring him to the office, and he can be annoyed in a thousand ways, and, therefore, these landholders cannot make any resistance. If you impose a tax on them, they may detest it, they may think it unjust, but their position in regard to their land, places them in such a state of dependence on the Revenue Officials that they submit without a murmur, and the Local Governments know very well that it is easier to get money out of them than out of any body else

2183 For that very reason, would it not be better to keep them perfectly secure and tranquil in their minds. We have this immense revenue coming in from the land, why should we not leave that safe, and the people who pay it satisfied, and if we are to raise additional taxation, raise it from other classes and in other ways?—I would not object to making the landowner contribute like any other person to my General Tax. I object to his being singled out for Local Taxation, for instance, to an Income Tax, he, like every other holder of property, is justly liable

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 SIR C. WINGFIELD,
 K C D
 25th March 1873

2187 *Mr Candlish*] Do you think that those landowners who have been subjected to this additional Cess have in any manner or degree received any equivalent?—Of course you cannot spend £30,000 more a year, or whatever the sum may be, on roads, without doing good by it.

2188 *Chairman*] Would you recognise any distinction between a Local Rate levied as a Local Rate is levied in this Country, and an Imperial addition to the land revenue levied under the Acts of the different Governments, which have been brought under our consideration?—Do you mean as far as its effect upon the people goes, as to whether one is more popular than the other?

2189 Or as regards the justice of levying it?—Do you mean between a Local Rate levied by the Local Government, and one imposed by the Imperial Government?

2190 No, I mean a Local Rate, levied as Local Rates are levied in this Country, that is to say, by the people, in some form or other, agreeing to assess themselves for purposes in which they themselves have an interest, would you recognise a Rate so levied, and under such conditions, as something different from the Imperial Rates that have been levied under the Acts of the different Governments?—Certainly. If the time comes (and possibly it may) when Representative Bodies in each District will levy Rates of their own spontaneous will, I consider that it will be a very healthy state of things.

2191 You would not consider that a breach of faith, as regards what you call the contract for the land revenue?—Certainly not, because all classes, landholders and others, will be represented in those Local Bodies.

2192 I do not mean a Rate levied by individual consent, but a rate levied by a majority?—If it is done by a Representative Body, that makes all the difference.

2193 *Mr Beach*] With reference to Local Taxation in England, are you not aware that there is a very large amount of it over which Local Governments or Local Representative Bodies have no control at all?—Yes, but is not that looked upon as an abuse, and is it not proposed to amend it?

2194 Is it not the case that it is at present as I say?—It may be so, but is not it the object of Local Financial Boards to meet that?

2195 *Chairman*] Is there in this Country any Local Rate that is not levied by the Locality, though it may be for the performance of a duty which has been imposed upon the locality by Parliament. All the Local Rates in this Country are levied, are they not, by the Locality, though they may be for expenses arising from the performance of a duty imposed by Parliament?—Here is a passage which just answers that question, a passage in a despatch from the Duke of Argyll, of the 11th of January 1869. It was with reference to a Bill which he vetoed to compel the people of a District in which a Canal had been made to pay a water rate, although they did not use the water, in fact, to pay for the water, although they did not use it, and he said, "Here, the guarantee is to be extorted compulsorily, the inhabitants of a District are not to be asked beforehand whether they desire irrigation or not. The Government alone is to judge whether irrigation is desirable. There is little analogy between a plan like this and that under which County Cesses are levied in England and Ireland, for those by whom the Cess is imposed, besides being themselves Cess-payers, represent theoretically, if not really, the great body of Cess-payers, who are assumed consequently to have given their assent by proxy."

2196 That is what you may call representation by selection and not by election?—Yes.

2416 *Chairman*] Have you resided in India?—I have been connected with India for Mr J M MACLEAN,
 over 13 years. 4th April 1873

2417 What has been your occupation, and where have you been?—Journalist in Bombay.

2418 Have you, in that position, directed your attention to the administration of affairs in India?—I have.

2419 And have you formed any views upon the policy that has recently been introduced with reference to what is called Decentralisation?—I have had occasion, during the last two years, to pay a great deal of attention to that policy and to its results in Bombay.

2420 If you desire to express your views on that subject, perhaps you will state them now?—I think that the cardinal defect of this policy is that it takes away what you may call the only available check in India on the ambition of subordinate officials. It is as true now, perhaps truer, than when Mr. Shore wrote it forty years ago, that the greatest curse of India is often a Zealous Official. In that Country it is the interest of every Governor of a Province or a Town, and of every Ruler of a District, to magnify himself and the Government to which he belongs by spending as much money as possible, and the only check that you can apply, in a Country where there is no real representation of the people possible, is a check from above, the check of somebody devoid of all local predilections and able to reduce the demands of different Provinces to a proper proportion and to keep them in due relation to one another.

2421 Do you think that spirit which you have described finds its way into the Council of the Local Governor, or into the mind of the Local Administration of the Province?—In Bombay, decidedly, it has done so.

2422 Do you think that there has been too great a disposition to embark in novel enterprises?—Yes, there has been great zeal for expenditure and very little desire for reduction in any way.

2423 Do you find that in the Presidency Town, where I presume you have resided, there is a great disposition to stimulate the Governor and Council to embark in all kinds of undertakings?—On the part of individuals, perhaps, not on the part of the Community.

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CHAPTER XI

Mr J M MACLEAN
14th April 1873

2124 Then your observation applies more to those in the public service throughout the Presidency, each wishing to bring himself forward with new enterprises?—Yes

2125 Do you think that that has been the main cause which has stimulated such large expenditure in the Presidency of Bombay?—Perhaps you will allow me to state what have been the actual results of the Decentralisation Policy in Bombay. The Decentralisation Minute was published about the end of 1870, and Sir Seymour Fitzgerald, the Governor of Bombay, in his budget speech of 5th April 1871, said the Government of India had left him with a deficit of £100,000, which he must make good somehow. He did not attempt to do so by reducing expenditure, but he proposed to levy taxes to increase his revenue. He brought forward a tax on Feasts, which was withdrawn afterwards, it was strongly objected to by the natives

2426 *Mr B Cochrane*] On what description of feasts?—Every kind, it would have included marriage ceremonies, and even religious ceremonies of some kinds, according to the native belief. But he succeeded in passing a Measure for levying a tax, known as the Non-agricultural Cess, on the rural, non-agricultural population, and also in fixing a contribution on the large and wealthy cities of the Presidency towards the general expenditure of the police. Now, with regard to this Non-agricultural Cess, the excuse given for levying it was, that there were a large class of people in the Mofussil who were not occupiers of land and did not contribute to the land revenue, and whom, therefore, it was fair to tax, but the tax went down as low as incomes of 50 rupees a year, any one who had 50 rupees a year of income was to pay a tax of eight annas, and the fee increased according as the income increased. This tax was introduced at a time when the Government of India was relieving all incomes of less than 750 rupees a year from the payment of Imperial Income Tax, so that, so far as regards this measure, the result of Decentralisation in Bombay was to substitute an Income Tax on incomes of £5 a year for an Income Tax on incomes of £75 a year

2427 *Sir C Wingfield*] Will you mention what number of people it was estimated would be brought under taxation by this tax?—The tax was to produce four lacs of rupees. I do not know how many people were expected to pay it, but, practically, it was to hit everybody in the Mofussil who did not pay land tax, because, I suppose, there is no household in the County where there is not as much as 50 rupees earned in the course of the year

2428 If you had the report of the debate in the Governor's Council with you, I think you will see the number stated there?—I have not got it with me to refer to

2429 *Chairman*] Do you know whether there was any feeling of satisfaction or dissatisfaction at these proceedings of the Government of Bombay amongst the Community?—I cannot say that there was any feeling amongst the Community, because the tax touched a class whom one seldom hears from directly, but I know that the District Officers generally were strongly indignant at the tax being passed, and very many of them personally made representations to me of the extreme injustice which it inflicted on poor people, and of the discontent which it was creating all through the Presidency

2430 Without wishing to penetrate the secrets of Indian journalism, I may, perhaps, ask whether you get any communications from Natives in the interior, or do they come from persons in the public service, the few Europeans who are resident in the interior?—Almost always from Europeans, more come now-a-days from Natives than used to come from them

2431 But are they the English-educated Natives of the public service, or independent Natives? Independent Natives. I have had some communications about the assessment of the land tax from Natives, who could not speak English at all, in North Canara

2432 Do you mean that they write to you in the vernacular?—No, they came up and employed an interpreter

2433 But, I mean, did you receive any written communications?—Very seldom anything of that kind

2434 You do not keep any establishment to translate letters written to you?—No, we get translations from the native press regularly, but nothing else

2435 And in the Presidency Town are the communications that are made to you from Europeans exclusively, or do the Natives communicate to you in the form of letters, and otherwise?—Natives communicate in Bombay, very freely indeed, upon all subjects. There is a very large class of educated Natives there who take a great interest in public affairs

2436 Are the educated class of Natives English-educated, that is people who read and write English?—Mostly

2437 I presume that your journal circulates, almost entirely, amongst Europeans, and, to some extent, also among the Natives who read and write English?—Yes

2438 The chief circulation is among the Europeans?—Yes

2439 And among the public Servants?—I do not know that

2440 I mean except in Bombay town, and there it goes amongst all classes?—Yes

2441 *Mr Fowler*] It is entirely published in English?—Yes

2442 *Chairman*] When you speak of a control being needed beyond the Local Government, do you mean the control of the Secretary of State here, or the control of the Government of India?—The control of the Government of India. I think the Government of India used to exercise a very careful supervision over the different Provincial Budgets, and the tendency was, as a rule, in favour of economy. By this Decentralisation Policy, they shifted responsibility on to the Provincial Governors, and became less anxious to control expenditure

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2113 Can you give the Committee any idea as to what is thought by the Community of the Governor transacting his business in the Legislative Council, do they consider that he is as much responsible as if he had no Council, or do they consider the Legislative Council responsible for what is done?—I think the Governor is generally held responsible. CHAPTER XI
MR J M MACLEAN
4th April 1873

2114 What part does the Legislative Council, which actually passes the laws, play in the opinion of the public?—They consider that it is simply to give advice, and express opinions on any measure, but there is always a majority of officials to carry any measure.

2115 As officials, they are not bound to obey the Governor's orders, are they?—No.

2116 Then, in point of fact, he cannot do anything affirmatively unless they choose to consent?—No.

2117 Therefore you could not hold a man responsible for a policy, could you, which he could not carry out?—Well, if the Governor of Bombay comes to the Legislative Council and says, "Here is a deficit, I am bound to make it good, you must pass these Measures," I think that the responsibility rests mainly upon him. They must supply money in some way or another to carry on the public Service.

2118 But with regard to Measures which very often lead to expenditure and which create a deficit, can the Legislative Council deal with them, do the public consider the Legislative Council in any way responsible for what they do, or do they put it all on the Governor?—I do not know what Measures the Legislative Council passes that create expenditure, they have no power over expenditure, as I understand by the Councils Act.

2119 But measures of administration lead, do they not, to expenditure, supposing, for instance, they passed a measure to inspect cotton all over the Presidency, would not that involve the Government in expenditure?—Yes, that would do so.

2120 *Mr B. Curran*] Do you know how much money was raised by this tax on firsts?—It was never passed into law, it was withdrawn.

2121 *Mr. Lawrence*] Do you object very strongly to this Decentralisation Scheme altogether?—I object to it altogether, except in the very few cases in India, where it may be possible to apply a check from below instead of from above. If you can get hold, as I believe you can in Bombay, of a real living community with public spirit and energy in it, I think you might safely trust the Representatives of the people there with the control of the finances of that City. I think it would be a great experiment, and a very wise one for the Government of India, to try, in those great Cities, to give such Communities the control of their own affairs, but, as regards India generally, I do not think that there is any possibility of getting a check on the financial expenditure of ambitious officials, except from above, by means of the Government of India.

2122 Supposing, for instance, that Bombay was the only possession that we had in India, is there any reason why its finances should not be as well administered as they are now, with the control of the Supreme Government?—I think that you cannot give absolute power in finance to Governors ruling a Province or a City in that way. You must have some independent check, such a check as that of the Government of India, which has no local ambition, and no desire to make a name by spending money on fine buildings.

2123 But that of course, cannot exist in any Country, except one like India, which is made up of vast Provinces subject to a Supreme Government?—It is a very wise check to apply there, it is unwise to remove it, unless you apply the check from below, and if you give the taxpayers the power of the purse, you may trust to their not spending too much. It might be necessary for the Government to interfere to compel them to spend money in sanitary matters, for instance, they would never be too lavish in expenditure.

2124 Supposing these Cesses were levied through Committees of the Natives themselves, do you think that would take off the cause for dissatisfaction, supposing these extra Cesses were submitted to bodies of the Natives, and they were consulted?—I do not know enough of the interior of India to give an opinion upon that, I think it would be advisable in a community where a great deal of progress has been made, and where the natives have been to some extent Anglicised.

1524 *Lord Lawrence*] We will now ask you to give us your opinion, if you please, upon the question of the system of Decentralisation of Taxation and the substitution of the scheme of Local Taxation, which was proposed by the Government of India two or three years ago, have you directed your attention to that subject?—Yes, this matter was considered in India when I was Governor General. LORD LAWRENCE

4525 Do you consider that the mode in which the arrangement was made for shifting the taxation, or the duties of taxation, from the Government of India to the local Governments was a desirable one as it was carried out?—It was suggested towards the end of my time as Governor General, I was averse to it. The system which was subsequently introduced was put before me, and I carefully considered it, and I did not think it advisable to introduce it. I thought that what was wanted really in India, was to keep the Local Governments in order, to make them be careful in preparing Estimates, and in not exceeding their Estimates, in fact, that what was wanted was a restriction over them in matters of large works, and, with regard to that partial system of decentralisation, though I did not think it important in itself not to introduce the proposed change, I thought it was important not to do it, as it would be in the nature of an undue encouragement to those who had, hitherto, required to be kept, more or less in order.

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4526 You objected to the idea that the Local Government was to be at liberty to increase its expenditure, provided only that it got the means of paying it from Local Taxation?—Just so

4527 That Local Taxation coming in contact with Imperial Taxation?—Yes, I did not think it was expedient. People say that the effect of it is good in this way, that it saves constant collision with the Local Governments, and that it induces economy. Well, as regards collision with these Governments, of course if they are economical and careful, the Government of India would not come into collision with them, on the contrary, the Government of India would encourage such a policy, were these Governments not economical, but, on the contrary, more or less wasteful, then it is the duty of the Government to risk unpopularity and collision, and to restrain them. Therefore, I did not think much of that argument. And, then, as regards making men more economical, it does not seem to me that men are economical because of a little power more or less. Practically, the Local Governments have very great power in every respect, and, even in their expenditure, and it more depends on the idiosyncrasy, the character of the individual ruler, than upon any relaxation of Rules, whether he is careful and frugal, or the reverse. Some men, no matter what the Rule was, would be careful, and make public money go as far as they could, and as regards other men, no matter what power they had, it would not induce them to be careful.

4528 Has your attention been directed to the consequences of this policy in the nature of the taxes that the Local Governments have been levying to make good the Deficits that there have been in their local finances?—My attention has been directed to that. My own impression was that when the Government allotted so many sources of Revenue for local purposes, they made a reduction in the sum which those sources of revenue produced, or which had been hitherto given for those objects.

4529 Perhaps it would be more correct, would it not, to say that the Government assigned to each of the Local Governments an amount of Expenditure without assigning the full income that was necessary to meet it?—Yes. I suppose the idea was that, partly by increased taxation, and partly by economy, they would make up the difference. I will not say that some of them did not do it, but the general effect seems to me to have been that there was, in point of fact, additional taxation.

4530 Unless the Government secured for itself a budget of economy, the result was that it was an order to each of the Local Governments to levy Local Taxes?—It came very much to that. Some of the taxes which have been raised, I understand, would have been raised, or had been arranged to be raised, it is said, irrespective of that budget, but others again, there is no doubt, were raised in consequence of that arrangement. I do not wish now to argue that what was done should be undone, I think that it would be ungracious and, perhaps, impolitic to do so, but I do not see that there was any real advantage in that arrangement.

4531 But have you looked at the precise character of the taxes that have been levied on the people under this system?—Yes. In Bombay, they had a tax upon the Non-agricultural Community, I understand that has been given up.

4532 Was not that almost of the nature of a Capitation Tax?—Yes, I think it was an excessively bad tax. Then they had two taxes which they introduced into Madras, I forget exactly what they were, one, I believe, was an House Tax, I do not know whether those had not been determined on before, but my impression is that they were not good taxes. Then in the Punjab, instead of raising a Local Cess, they added a certain percentage to the land revenue, as I understood. I think that was not a good plan, it was loading the land, and that, just after the settlement had been made.

4533 Do you think it was desirable, for a very small increase, to raise the question of what was the nature of the 30 years' Settlement?—I think the effect of it was to make the people doubt the validity of that Settlement. In all these settlements there is a formal agreement given to the people on the part of the Government, and a similar acknowledgment taken from them, and these documents are very carefully worded, and carefully limit the demands of the Government. There is so much put down in each case for the Land Revenue, so much for Roads, so much for Education, so much for Police, and so forth. I think the plain understanding of such a document is that so much will be taken, and no more.

4534 Then do you think it could have been better for the Government of India to have continued the Income Tax, and raised the money in that form of taxation, instead of throwing this petty taxation broadcast all over India?—I think it would have been far better, myself. I think it would have been a more consistent and judicious arrangement, and that it would have been better, for this reason, that the Income Tax was bearing upon those who could well pay it, whereas these Cesses come upon those who cannot afford to pay them, by compulsion.

4535 Do you think it desirable that there should be two taxing powers in India, the Supreme Government and the Local Governments going in different grooves of taxation?—I should say, as a rule, it was not. The people do not distinguish between the Local Government and the Imperial Government in that way. Every official who is connected with the Government, particularly the higher officials, are all looked upon as part and parcel of the same system, and whether I, as Collector, or Commissioner, or Lieutenant-Governor, or, we will say, as Governor General, initiate and carry out a particular policy, it is all considered as belonging to the one Government, and the one system.

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4536 Now have you considered the proposition or suggestion of Sir Charles Trevelyan, that, instead of this arrangement, the Local Government should manage the finances under the taxation prescribed by the Supreme Government, and that it should undertake the whole of the expenditure in its locality, paying only such a sum in gross to the Central Government as it might prescribe as necessary for the General Charges of India?—I am sorry to say that I am very much against that System, I think it would be reversing the order of things. You must have some control over the Local Governments, there must be some Central Authority which is to look after the Local Governments, and constrain them, and control them, and direct them. You can only either have a Central Government in India, or practically do away with that Central Government, and have the Central Government in England. As it is now, you have the Government of India controlling the Local Governments and being controlled itself by the Secretary of State in Council. That seems to me an infinitely better system than anything of the kind which Sir Charles Trevelyan suggests, I think that that system would be found, I should say, nearly unworkable, and that, if workable, it would create complications and difficulties very much greater than the present condition of things.

4537 Supposing the whole power were given to the Local Governor to carry on his Administration with the utmost economy and efficiency, accounting for so much of the revenue to the Supreme Government, do you think that that would induce him to exert himself more than he now does, and to rely less upon what may be called the action of the Supreme Government?—I do not think that it would make the slightest difference really and truly, in that respect. I think that the economical Governor would be economical, and the extravagant Governor would be extravagant, under the one system as under the other. The wasteful man does not admit that he is wasteful, he thinks that he is doing what is right and proper. Therefore, I do not see why he should, naturally, become more economical because everything was put into his own power.

4538 Would it not, then, be a necessary economy on his part to keep within his income if he had no other resources?—If he could not resort to taxation, or borrow money, or insist that he had not all that he ought to have, and that some other Province had something that he ought to have, of course then, having no means of laying his hand upon money to spend, he would not spend it, but I think that, practically, it would not be so good a system as the present system. I think that one of the first things which would involve a difficulty would be this, to ascertain what was the Revenue of each Province, and what should belong to it.

4539 But, then, Sir Charles Trevelyan's proposal assumes that that would be clearly defined, that they would draw the whole Revenue from certain sources of Revenue which were within the administration of the Provinces, and the Assignment which would be made in favour of the Supreme Government would, of course, be regulated by the amount of that Revenue as compared with the General Resources of India, that is to say, supposing that the Government of Bombay managed the Indore Opium business and collected the money, that, of course, would involve the Government of Bombay's accounting for so many millions more, or contributing so many millions more to the Supreme Government in aid of the General Expenditure?—I do not mean to say that it could not be made out, but I think there would be complications and difficulties. Then, again, I think there is another point which would arise. Supposing a sudden war arose, which was carried on under the instructions of the Governor General in Council, when it came to be paid for, where is this money to come from, or how is an arrangement to be made by which this money would be gradually liquidated?—Each Governor would say, "I have anticipated my Revenue, and arranged to spend it all, I cannot give you any more." Then another question would arise, in point of fact, the Surplus of some Provinces makes up for a Deficit in other Provinces, it is very convenient, it does not lead to any extravagance or waste that that system should be maintained, but if you come to divide them off by a straight and fast line, then, I think, that very considerable difficulties would arise. At one time, it is important to stimulate the improvements in one Province, at other times, it is desirable to encourage them in another. For instance, if it has been decided to make a great work like the Ganges Canal, it is true economy to push on that work, as quickly as is consistent with having the work properly done, you have a large establishment to supervise and control, you have to make advances of various kinds to contractors, and so forth, and to collect material, if you do not furnish money as fully as the work can be properly carried on, there is a certain waste, it would be far better, therefore, that, for one series of years, until you had finished your Ganges Canal, you should divert some of the Revenue from one Province and give it to another Province until that work was completed, than that you should allow each Province to expend its surplus revenue systematically. Supposing it were of great consequence to make a Railway for political reasons along the Frontier, or to build forts along the Frontier, if your Frontier was threatened, it would be a most absurd thing to say that the Government of India should not be able to get a portion of the Surplus Revenue of the other Provinces, and to devote it to this work, which was of vital importance, not only to that Province, but to all India. It seems, to me that, in practice, many difficulties would arise, and I do not see, myself really, any advantage on the other side.

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4540 Do you think that there would be a difficulty in regulating, from year to year, the requisition on the Local Government as to its contribution when circumstances might arise in the middle of the year rendering it necessary to change it?—Very considerable difficulty. In my time, we had a miserable little war with Bhootan, which was brought on by local circumstances, but the object was to bring that war to an end with the greatest promptitude and vigour possible. How embarrassed would the Government of India have been if they had been obliged to throw all the cost on Bengal, because it happened that the frontier was in Bengal. Again, you had the other day the expedition against the Looshais, in Assam. Would it not have been absurd to say that the necessary funds must be borrowed or taken out of the Assam Revenue, when we could take it out of the Cash Balances, if they were large enough, or out of the General Revenues of India? It seems to me that, in all those things you would be only building up difficulties for yourself, and have, really, no counterbalancing advantages.

CHAPTER XII.

EARL OF MAYO'S MEASURE

REPORTS BY LOCAL GOVERNMENTS UPON ITS OPERATION

MADRAS PRESIDENCY

In replying to your circular No 2019 of 17th August, I am directed to submit an abstract statement of Provincial and Local Receipts and Expenditure for 1871-72, and to state that the opinion of this Government is decidedly favourable as to the general results of the system of Fixed Assignments of funds for Provincial Services in promoting harmony, economy, and efficiency of administration

2 In two directions His Excellency the Governor in Council would wish to see the system modified, *viz*, by an increase in the number of Departments transferred to the Local Governments' independent control, and by an adjustment of the amounts of the Grants to the several Provinces on a more equitable basis than the average of what each had previously received, which was adopted and which had the effect of merely perpetuating pre-existing causes for reasonable complaint, and making more hopeless the prospect of supplying urgent needs

3 I am especially to mention the Forest Department as one of which the administration of the Receipts and Expenditure ought to be in the hands of the Local Government

4 On the second point, I am to remark that the grants made to the different Provinces for the discharge of the same State Services bear no proportion whatever to their relative population or area, or to the amount of Imperial Revenue contributed by them, and that, where insufficient provision to meet pressing demands had, for years, been subject of just complaint, not only has that insufficiency been maintained, but the cause of complaint has been aggravated by the partial allotment made of the funds distributed among the several Provinces of the Empire

BOMBAY

MINUTE by HIS EXCELLENCY SIR P WODEHOUSE, dated 26th August 1872, on the system of Fixed Allotments of Imperial Revenue for Provincial Services, introduced by Resolution of the Government of India, No 3334 of 14th December 1870

In connection with the letter from the Government of India in the Financial Department No 2019 of the 17th instant, I wish to bring under the notice of my Hon'ble Colleagues observations which I addressed privately to the Governor General on the 22nd July last, as follows

"As you tell me that you have now under consideration questions connected with what are termed Provincial Services, and may possibly be discussing with the Members of Council the propriety of modifying the Scheme, I will venture to trouble you without further delay on a point about which I have, for some days, contemplated writing. It is not my wish to raise objections to the arrangements in respect to the expenditure classed as Provincial, although there seems reason to believe that the Local Governments, in accepting the Scheme, were not fully alive to the obligations to be imposed upon them, and although it is clear that the Heads of expenditure for which they are expected to provide are, in their nature, the least under control, and those for which the greatest pressure is sure to exist. My objections apply to the other side of the agreement—to the mode of supplying the Local Governments with funds. The principle is, that the Government of India shall provide a fixed sum for certain purposes, calculated rather below than above, the present expenditure for them, and that the Local Government must meet increasing demands from their own resources. It is not stated in so many words that the Imperial Assignment will never be increased, but it is sufficiently clear that there will be the greatest reluctance to do so. The 5th and 6th paragraphs of the Proceedings show clearly from what quarter additional funds are to be obtained. It is stated that each Province has special wants of its own, and may have means of supplying them which could not be appropriated for Imperial Purposes, and it is further stated that the Government of Bombay has, for some years, raised a considerable Revenue for Local Purposes. This is true, and it is for the

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MADRAS,
9th January 1873

The general results of the measure are favourable, but more Departments, and especially the Forest Department, should be transferred, and the great inequality in the assignments to the several Provinces should be corrected

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BOMBAY,
31st December 1872

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BOMBAY,
31st December 1872

Local rates cannot be expediently devoted to provincial expenditure. If a cess paid in Surat be not spent in Surat, it makes no difference to the tax payer whether it is spent in Kanara in the Bombay Presidency or in the Panjab. Hence a certain percentage of the revenue of their several territories should be made over to Local Governments, who thus will be enabled to avoid Local Taxation, which, like the non agricultural tax, now put in abeyance must engender discontent.

very reason, that Provincial Revenue and Provincial Expenditure cannot properly be called Local Revenue and Local Expenditure, that I seek for a revision of the mode of appropriation. What distinction can be drawn by the tax-payer of Surat between an expenditure of his money in Kanara and the Punjab? How can he possibly regard it, in either case, as other than a payment for the general purposes of the British Government, and, in fact, what else is it, and being so, how will it work in the matter of taxation?

"You have in existence certain great Taxes and sources of Income, to the payment of which the people have become thoroughly accustomed, which are the results of years of experience, and which it is, therefore, desirable to increase and improve by all the means in our power

"The supply to be drawn from these great Sources of Revenue for what are termed Provincial Services is to be marked by a hard-and-fast line. No matter to what extent these Revenues increase, the provision for the increasing necessities of the Provinces is not to be drawn from them. Recourse is to be had to Provincial Taxes, necessarily very unpopular, because new, probably objectionable as the offspring of necessity and emergencies, and introduced with less caution than the old ones. Both systems, the old and the new, will run side by side. The British Government, as a whole, will come under the odium of an unpopular tax, levied on one of the Presidencies or Minor Governments.

"The Local Government will have the less inducement to promote the increase of the old Imperial Revenues, from the fear that, by so doing, they may damage the prospects of some other tax, to which they may have been obliged to resort to provide for their own wants.

"Take the case of this Government. We have three great sources of Revenue, which are either already fast increasing, or of which we hope, by judicious measures, to effect great improvements, viz, Land Revenue, Salt and Spirits. But, from these, the Presidency, as a Province, will derive no additional benefit whatever, though, it may be added, that the Land contributions of Bombay form a very large proportion of the whole Land Revenues of India. In spite of these advantages, this Government has been driven by necessity to impose what is termed the "Non-agricultural Cess," which is universally represented to be most mischievous, and to have caused a very inconvenient amount of disaffection. It is true we have just been enabled to hold in abeyance the operation of this tax, but the principle remains the same. We may again be placed in difficulties, and, notwithstanding the increase of our contributions to the Imperial Revenues, we may be obliged to revive the agitation about new Taxes, and perhaps impose one that is objectionable.

"I would therefore, respectfully but strongly, urge upon Your Lordship that the Local Governments should not be required to supplement the Imperial Assignment by Provincial Taxes.

"Instead of that arrangement, let a certain percentage of the General Revenues be assigned to them to meet the expenditure they have been, or may be, permitted to control, and let them feel that the character and success of their Administration will depend on the economical application of the assignment and the judicious development of the sources of the supply.

"In making this recommendation, however, I should be sorry to be regarded as the enemy of local efforts. I think they are in every way to be encouraged. But, in this Country, for some years at any rate, they ought to be strictly Local. Each area acted upon should be so limited, that it must be clear to the dullest contributor, that his money was expended for the immediate benefit of himself and his neighbours. Hereafter, the areas may be extended. But, certainly, at present, there is no proper connection between Provincial and Local, but a very clear connection between Provincial and Imperial. It seems to me, also, that my proposal, if it should fortunately be accepted, would dispose of the two questions suggested in your letter.

"1st—If the proposed percentage were granted, we should exercise all proper economy in its expenditure, and any Surplus, at the end of the year, should revert absolutely to the Government of India.

"2nd—We should endeavour to meet any emergency from the percentage by curtailing other sources of expenditure as far as practicable, and furnish you with full proof of the necessity for an addition.

"To bring the question to an issue, I suggest 10 per cent on the following —

Land Revenue	Salt	Marine
Tributes	Opium	Education.
Forest	Stamps	Interest
Excise	Mint	Miscellaneous."
Assessed Taxes	Law and Justice	
Customs	Police	

If my Hon'ble Colleagues should concur in these views, the letter from the Government of India might be answered accordingly, with such additions as they might suggest.

THE HONOURABLE,
MR ROGERS,
25th August 1872.

I quite concur in His Excellency the President's view, that, as certain sources of Imperial Revenue are developed by the measures of the Local Governments, it would conduce to

greater care in fostering those sources and to the exercise of a prudent economy in the expenditure contingent on them on the part of the latter, if a percentage of the revenue were to be handed over to the Local Authorities in place of a fixed lump sum calculated on the average of past expenditure of the Departments, the control of and responsibility for which have been entrusted to the Provincial Governments. The latter, seeing their own interest involved, would, probably, take more trouble in the matter, than if they knew only the Imperial, and not the Provincial, Exchequer would be benefited. The result of the present system we know to have been, at all events of late years, that the framing of the Imperial Budget has been left to the Accountant General, cursorily supervised by the Secretary in the Financial Department—a lax custom that has, only now, been ordered to be discontinued.

An alternative plan has been suggested, *viz*, that the Provincial Governments should contribute out of the Total Revenues raised within their several limits, lump sums sufficient to make up, on the whole, what is wanted for Imperial Expenditure, thus leaving to the Provinces the full benefit of any increase of Revenue or decrease of Expenditure effected by their measures. This does not appear to me, in any degree, fairer than the present plan, which is its converse. The expenses of the Imperial Government are no more a fixed sum than those of the Local Governments. The National Debt of India is secured on the Revenues of the whole Country, and it is the duty of the central Financial Authority responsible for the management of that debt, so to manipulate the resources of the whole Indian Empire as to give the greatest possible security to the Public Creditor and the greatest possible relief to the Public Debtor, the tax-payers of India. The debt has been incurred for the safety of the whole Empire, and could not, legally, be split up into several debts secured on the Revenues of Distinct Provinces even if it were practicable fairly to assign to the latter their several portions of the general burden, which would be the only basis on which such a complete Decentralization of the Indian Financial system as that involved in the alternative Scheme mentioned could be founded. The various Provinces of India can never become a Federation of States, controlled in certain matters by a Central Government, without the clashing of interests which would be fatal to the harmonious working of the whole, and would tend to increase rather than decrease of expenditure from various Ruling Centres having to be provided for in place of one.

I entirely concur, therefore, in the general principle of His Excellency the President's proposal. What should be the exact percentage of the different sources of revenue to be handed over to the Local Governments for expenditure provincially, must of course depend on what its value would be. I presume the percentage proposed is one on the Gross Revenue from the several sources mentioned, the expenditure being met out of the balance of 90 per cent. My reason for assuming this is that 10 per cent on the Net Revenue would not equal the sum already assigned us as a Provincial Allotment. The Budget Estimate of this Allotment for 1872-73

Land Revenue	3,63,00,000
Tributes	8 96,000
Forest	14,00 000
Excise	41,25,000
Assessed Taxes	10,80,000
Customs	69,00 000
Salt	68 00 000
Opium	2,24,52,000
Stamps	51,30,000
Mint	8,00 000
Law and Justice	3,55,000
*Police	1,96 888
Marine	5,65,000
*Education	72,331
Interest	9,74 000
Miscellaneous	16,05,000
	<hr/>
	8,96,51,819
	2,69,819
	<hr/>
	8,93,82,000

is Rs 91,81,805, and 10 per cent on the estimated gross receipts of the sources mentioned would come to Rs 89,65,181, a difference of Rs 2,16,624. The inclusion of receipts from Police and Education (*) among the sources from which we are only to get 10 per cent must have been an oversight, for we now receive the whole of them, Rs 2,69,819, in addition to the Provincial Allotment. Removing these from the list, our 10 per cent would come to Rs 89,38,200, or Rs 2,43,605 less than the Allotment. Whether we could do without, in round numbers, 2½ lakhs of our present Allotment we cannot tell until the full Accounts of last year have been made up, but I should think it was very doubtful. These figures are based on the assumption that the 10 per cent meant in His Excellency's Minute was on the Gross Revenue. I am of opinion, however, that it would be better to fix a percentage on the Net Revenue, otherwise the Local Government would have no great interest

in keeping down the expenditure on collection, as this would fall entirely on the Imperial share. The estimated expenditure under the several Heads is shown in the margin as Rs 1,92,35,000, which, deducted from the Receipts, Rs 8,93,82,000, would

Land Revenue	66,76 000
Forest	9,00,000
Excise	6,00,000
Assessed Taxes	53,000
Customs	8,95,000
Salt	3,60,000
Opium	30,000
Stamps	1,63,000
Mint	3,50,000
Law and Justice	45,05,000
Marine	18,47,000
Political Agencies	12,00,000
Miscellaneous	16,56,000
	<hr/>
	1,92,35,000

leave Rs 7,01,47,000, of which 13 per cent would come to Rs 91,19,110, or about Rs 62,000 short of our present Allotment. With this, however, we might, with economy, possibly manage. There is one way of reducing expenditure with which the Local Government, alone, would be fit to deal, and which it would be wise to induce it to deal with by the policy now recommended, *viz*, the substitution of Native for European Agency in various branches of the administration—a step the advisability of which on other grounds also, besides that of economy, I need not enlarge on.

We are not in a position to commit ourselves to the abolition of the Provincial Taxes under Acts I and

II of 1871, until the figures of 1871-72 are made up, and we can enter into all the details of the Budget for 1873-74.

CHAPTER XII

THE HONOURABLE
MR. ROGER
28th August 1872

It would be highly beneficial if a percentage of the revenue were transferred to the Local Governments

This would be preferable to the alternative plan of leaving their whole revenues to each Local Government, less a deduction for imperial charges, because the various provinces of India can never become a federation of States, controlled in some matters by the Central Government, without a clashing of interests which would wreck the system.

CHAPTER XII

THE HONOURABLE
MR TUCKER,
29th August 1872

The scheme has worked well, except that an insufficient assignment having been made for heads of service under which the expenditure must increase the Local Governments have been forced to resort to local taxation, some of which in the Bombay Presidency, namely, the tax on the non-agricultural classes, has caused considerable dissatisfaction.

The necessity for such taxation would be obviated by making over to Local Governments a percentage of the general revenues.

It has been generally admitted that the principle of Decentralization was a good one, and that the concession to Local Governments of a larger power of control over a portion of the Revenues derived from the Territories subject to their administration was likely to be beneficial in producing greater economy and better management. The result of the experience of the last eighteen months has, I think, fully justified this view.

The sources of income placed at the disposal of the Local Governments have been most carefully husbanded, and a much more strict supervision has been exercised over expenditure with very good effect.

The real objection to the Scheme was the method of distribution adopted, and the unelastic character of the Grant for Provincial Services. Not only were the particular Services assigned to the Local Governments, for the most part, unproductive and incapable of being made productive to any great extent, but they were, precisely, the Departments of the Administration which had hitherto been most inadequately provided for, while the allotment made for them was based on the past inadequate provision and without any reference to future wants. The effect of such a method of distribution was to compel the Local Governments to have recourse to increased Local Taxation, and it is difficult to avoid the conclusion that this was the deliberate intention of the framers of the Scheme. The Bombay Government was fully aware of the extent of the obligations imposed on them, and distinctly pointed out the consequences which must follow so unequal an apportionment of the sources of State Income between the Imperial and Local Governments, and they only accepted the proposals of the Government of India under the conviction that the change was in the right direction, and that the errors in the manner in which it was carried out would be, eventually, recognized and rectified. The measures adopted to supplement the Provincial Revenues were Acts I and II of 1871 (Bombay). By the first, a certain portion of the expenditure which had hitherto been borne by the State was transferred to certain Mofussil Municipalities. The Act did not extend to the city of Bombay, but, in that Municipality, the same effect was produced by an Act of the Executive Government in withdrawing the contribution which it had hitherto made to the Bombay Municipality for the support of its Police.

By Act II of 1871 a Cess was imposed on the Non-agricultural Classes throughout the Presidency, except in the Municipalities taxed under Act I of 1871 and the city of Bombay. The imposition of this new tax has caused considerable dissatisfaction, but it may be remarked that the real objection to the tax is that it extends direct taxation to a class of persons whose means are so limited that they should be exempt from direct taxation. If it had been confined to the Non-agricultural Classes assessed to the Income Tax, no valid objection could have been taken to it, except that it amounted to an increase of that tax, for there can be no doubt that the Trading and other Non-agricultural Classes of this Presidency do not contribute their proper quota to the State Exchequer. I shall be glad to see this tax, in its present shape, done away with, and I am informed that the result of a comparison between the actual revenue and expenditure for the past official year 1871-72 with the Budget Estimates for that year will enable us to get rid of this impost.

I concur in the opinion of His Excellency the President that we should ask for a certain percentage on each of the great Heads of Imperial Revenue, and I think with Mr Rogers that this percentage should be on the Net and not on the Gross Revenue. Our allotment for the year 1872-73 amounts to 91 lakhs and 40,000 rupees, and we should require a percentage that would cover this sum. If Mr Rogers' figures be correct, and I have not had the time to test them, a larger percentage than he has named will be necessary, and I am disposed to think that we should require from 15 to 20 per cent of the Net Revenues derived under the heads mentioned by His Excellency the President after deducting the items already included in the Provincial allotment. It will be requisite before we commit ourselves to any rate of percentage to have very exact calculations made, and to examine, very carefully, the financial aspect of the items to which the calculation is to be extended.

I agree with the Hon'ble Mr Rogers in what he has said regarding the extension of Native agency and the substitution of it, wherever practicable, for more expensive European agency, but I do not think it necessary to go into the question of reduction of expenditure in these papers.

Re-submitted to the Hon'ble Mr Tucker. These papers were yesterday returned to the undersigned by His Excellency the Governor, who said that, in his opinion, the percentage should be made on the Gross and not on the Net Revenue, and that, in order to prevent any chance of the allotment being too small, he would say 12 instead of 10 per cent. His Excellency further pointed out that, as one part of his Scheme was "that any Surplus at the end of the year should revert absolutely to the Government of India" that Government would be inclined to accede to our proposal without exacting a too strict Debit and Credit Account in considering whether 10, 11, or 12 per cent of the Gross Revenue should be allotted. His Excellency further pointed out that in many of the Headings there would be no *net* Receipts at all, the expenditure being greater than the revenue. Under these circumstances His Excellency trusted that the Hon'ble Board would concur in suggesting that 12 per cent of the Gross Revenues might be named, in order that a letter might be despatched at once, and considered by Lord Northbrook before His Lordship left his Council, and the matter might then be definitely settled when the Viceroy visits Bombay in November.

E. W. RAVENSCROFT,
Secretary

4th September 1872.

I did not notice that it was a part of His Excellency's Scheme that any Surplus at the end of the year was to revert absolutely to the Government of India, and I am unable to assent to this particular proposal which, in my opinion, would be a very unwise measure, and would destroy the chief advantage of the Decentralization Policy, *viz*, the establishment of a more strict economy. Under such an arrangement, the Local Governments would have no sufficient inducement to check extravagance in every shape.

I am unable to agree also that we should submit any representation to the Government of India without exact calculations, or we may, really, find ourselves in a worse position than we now are.

I consider, for the reasons stated by Mr Rogers, that the percentage should be calculated on the Net and not on the Gross Revenues, and, of course, all items which are not productive or likely to be productive, should be excepted. It was to ascertain the financial value of the different items enumerated by His Excellency that I suggested that a strict examination should be made of them.

It will be no use submitting a Scheme of this character to the Government of India unless we can support it by clear and accurate calculations, and in my opinion it is not at all probable that the Viceroy will decide on a subject involving such important consequences till the Reports of all the other Governments and Administrations to the questions recently put to them, with reference to financial arrangements, shall have been received and considered by himself and his Council.

We should gain nothing, therefore, by sending off hurried and imperfect suggestions.

As the idea of asking for a percentage of the Revenue from certain defined sources in place of a fixed sum emanates from this Government, we should, I consider, try ourselves open to the taunt of financial incapability if we sent it up in a crude form, unsupported by figures. Those that I have given in my previous Minute are taken from the Provincial Budget of the current year, and are scrupulously accurate, as far as that goes. It would be better perhaps to check the estimates by the actuals for five months, up to the 1st instant, and send the proposal up in a well-considered form. We should have ample time to do this before the date specified by the Government of India, and to show distinctly the difference that would be made by the adoption of the principle of a percentage on the Net and on the Gross Revenues on which opinions are not agreed.

I think we should point out to the Government of India the advantage in the way of holding out an inducement to the exercise of economy by the Local Governments that would be offered by allowing them to retain for Provincial Expenditure the balance of the percentage unexpended at the end of the year. His Excellency the President was, probably, unaware of the fact that the balance of the Allotment made to Provincial Revenues under the present system does not lapse to the Imperial Exchequer. If it had not been for this, we should not now be able to forego the levy of the Non-Agricultural Cess, and if we agreed to the principle we might now be called on to surrender to the Imperial Exchequer the balance of Rs 2,38,138 we had in hand at the commencement of the present financial year, of which it is estimated that we shall use up about 2 lakhs of rupees in the course of the year. Having now, virtually, abolished the Non-agricultural Cess, we have only the balance of last year and whatever may be saved out of the current year's allotment to fall back upon, wherewith to meet current expenditure, and we should, therefore, be very careful not to agree to any modification of the present system, the amount available under which we know, in favour of a new one, the result of which has not been worked out in figures.

I think that the Financial Secretary and the Accountant General should be instructed to lose no time in laying the necessary calculations before the Council. The Government of India, themselves, ask for a matured opinion accompanied by a complete abstract of the Provincial and Local Receipts and Expenditure in 1872-73, which we have not yet seen.

I quite agree with Mr Rogers that the Local Government would have a direct interest in the economical administration of the principal branches of the Revenue, if it were made dependent for its Ways and Means on a certain proportion of the Net Returns. But I hope my honourable colleagues may yet be willing to propose with me the abandonment of Provincial Taxation, without insisting on the substitution of an Assignment of Net Revenue.

We are quite in the dark as to the views of the Government of India with regard to increasing the powers of the Local Governments. The proposal to give the latter control over the management of the chief sources of Revenue with the expectation of consequent economy, implies that the Government of India will place such confidence in us as to leave in our hands, the management of matters on which the existence of the Government depends. I see no reason whatever for expecting the adoption of such a policy. I know full well that both in the Government of India and at Home there is, whether deservedly or not, a great distrust of the financial arrangements of Bombay. And if, from that distrust, the management of the Revenue should still be withheld from us, I see no good reason for asking for an Appropriation from the Net and not from the Gross Revenue.

CHAPTER XII

THE HONOURABLE
MR. PECKER
4th September 1872

A condition that the surplus from transferred revenue should at the end of the year revert absolutely to the Government of India would vitiate the whole scheme.

THE HONOURABLE
MR. ROGERS
6th September 1872.

Surplus, at the end of the year, from transferred revenue, should not revert to the Government of India.

HIS EXCELLENCY
THE GOVERNOR,
16th September 1872

Sees no reason whatever for supposing that the Government of India would give to the local Governments a control over the chief sources of revenue, and so leave to the latter the management of matters on which the existence of the Government depends.

CHAPTER XII

The Heads from which Net Revenue would be derived would be Land, Tributes, Forest, Excise, Taxes, Customs, Salt, Opium, and, taking for the purposes of my argument the Budget Estimate for the current year, those Heads would give respectively—

HIS EXCELLENCY
THE GOVERNOR
16th September 1872

	Rs
Land	2,96,21,000
Tributes	8,96,000
Forest	5,00,000
Excise	35,25,000
Taxes	9,27,000
Customs	60,05,000
Salt	64,40,000
Opium	2,24,22,000
TOTAL	7,03,39,000

An assignment of 15 per cent on that sum would give Rs 1,05,50,850, of which Rs 33,63,300 would depend on Opium. An assignment of 11 per cent would give Rs 91,17,160, of which Rs 31,39,080 would depend on Opium.

On the other hand, the Gross Revenue is put down at Rs 8,93,82,000, and an assignment of 11 per cent on that would give Rs 98,32,020.

To my mind there are the strongest objections to our placing ourselves in this state of dependence on Opium without, according to my anticipations, any corresponding advantages. And I hope the Secretary will be permitted to make a careful calculation of the percentage we should need on the Gross Revenue for the submission to the Government of India.

The disposal of any balance that might exist at the close of the year, is a subordinate question, but I think there can be no doubt that, if the two Governments act in a spirit of mutual confidence, the balances should revert to the General Treasury at the close of each financial year. The whole of the Accounts of India, not local or special, would thus be closed at once.

The balance at the end of the year should revert to the Supreme Government.

THE HONOURABLE
MR TUCKER,
4th October 1872

The decentralization measure has succeeded, and to revert to the former system would be a retrograde step.

After giving very careful attention to all His Excellency the President has said and written upon this subject, I regret that I am unable to concur in the views he has expressed. His Excellency appears to be opposed to the Decentralization of the Finances which was partially carried out by Lord Mayo's Government. In this I altogether differ from him. I consider that the experiment, so far as it has been made, has shown the correctness of the principle on which the Scheme was based, and that the errors have been confined to details and more especially to the limited and unelastic character of the Provincial Assignment. I shall oppose, in the strongest manner possible, any attempt to revert to the old order of things, which, in my opinion, would be a most retrograde step. Undoubtedly, the change of system, imperfect and incomplete as it has been, has contributed to economy and to the better husbanding of our resources, and all that is wanted, now, is that some of the more productive branches of Revenue and the corresponding Services should be assigned to us, or that the annual Provincial Grant should be allowed to grow with the growth of the Imperial Revenues. For this object I am willing that it should be based on a certain percentage of the Net Revenues under the heads which have been specified, and I think that the arguments for fixing this contribution on the Net instead of on the Gross Revenues are unanswerable. On this point I am wholly in accord with my honourable colleague Mr Rogers. His Excellency the President seems to be under a misapprehension on the subject of the administration of the Imperial Revenues collected in this Presidency. The management is, now, vested in us subject to a certain control with respect to the creation of new offices or charges, and the management must always remain in our hands. If our annual Assignment depended on the Gross Revenues we should not have the ordinary incentives to good management, and the tendency would undoubtedly be to be more improvident in dealing with sources of income from the increase of which we should derive no advantage. It appears to me that the Government of India will clearly see the inducement that will be held out to us to look after their interests in this matter, by the arrangement which seems good to Mr Rogers and myself. Further, it is not at all probable that they will fail to insist that each Presidency or Administration should take its share in the risk of the failure of the Opium Revenue, and, to me, it seems unreasonable to ask for an arrangement which would relieve us from this risk. I could not concur in sending forward such a proposal. Nor can I, in any way, assent to our giving up, voluntarily, the benefit of the savings in the administration of Provincial Revenues which we may make in each year. It appears to me that any alteration of this kind in the system now in force would add to its defects, and in no way improve it. I adhere, therefore, to the views expressed in my former Minutes, and concur in what Mr Rogers has written on this very important question.

THE HONOURABLE
MR ROGERS,
7th October 1872

The dispute into which the financial administration of Bombay has fallen appears to me to have arisen from causes, the removal of which, for the future, is the particular object of the measures now proposed. Under the old system, the local Government had no motive whatever for the exercise of economy or forethought. The Indian Imperial Exchequer was looked upon

CHAPTER XII
 THE HONOURABLE
 MR. ROGERS,
 7th October 1872

in the light of an inexhaustible treasure-house, on which it was the duty of the Local Government to draw to the utmost, in the interest of its own subjects. If it had a certain sum allotted to it, it did not much matter whether the Account was overdrawn, as it was well known that, in the end, the Government of India must pay for all. Time was wasted in mutual recriminations between the two Governments in matters of detail, which it has come to be acknowledged are better left to the discretion of Local Authorities, and the non-lapse, at the end of the year, to the Imperial Exchequer of balances from the Provincial Allotment now affords the direct incentive to economy which was wanting before. If balances thus brought about, are to be handed back, it will, on the contrary, be for the interest of the Local Government to take care that every rupee of the Allotment is spent within the year, and the only difference between the old Centralized and the new Decentralized Financial System will be that, under the latter, we shall not require to obtain the sanction of the Government of India for the entertainment of petty subordinate establishments which we had to obtain under the former.

The same argument is, as already stated, applicable with regard to our receiving a percentage on the Gross or on the Net Revenue from the proposed branches of the Public Income. If we get our percentage on the former, it does not matter to us how uneconomically the finances are administered; if on the latter, the more economically we manage the larger will be the Provincial Income. I concur with the Honourable Mr. Tucker in thinking the Supreme Government can hardly fail to see the matter in this light. The argument that we should depend for our income, to a great extent, on the uncertain source of Opium is, of course, the same whether our percentage is to be on the Gross or the Net Revenue.

I hardly understand what is meant by His Excellency the President when he says he hopes his Colleagues will be willing to propose the abandonment of Provincial Taxation without insisting on the substitution of an Assignment of Net Revenue. I was not aware that the abandonment of Provincial Taxation had been proposed, and it would certainly not be in accordance with the ideas of the Supreme Government, who have only a few days ago proposed that Municipalities shall pay for their own police on being vested with the property of all lands situated within their limits. Moreover, the administrative wants of the Presidency are already so crying, and the cost of Administration is, daily, increasing so rapidly, that I am quite convinced we shall not be able to manage without Provincial Taxation. If His Excellency means that all taxation, even for Provincial Purposes, should be Imperial, I must dissent, as it would bring us back to the old centralization policy, by which the Government of India attempted to manage matters which they could not, by any possibility, understand.

I note that the calculations of income made by His Excellency are based on the Net and not on the Gross Revenue. There can be no harm in the Secretary's getting out the figures under both methods of calculation, and His Excellency's views, as well as those of Mr. Tucker and myself, being placed before the Government of India.

I am sorry to see with what a great divergence of opinion we are likely to submit to the Government of India our views on this important question, on which I was, at the outset, inclined to hope that we were, in all essentials, agreed.

HIS EXCELLENCY
 THE GOVERNOR,
 10th October 1872

Mr. Tucker has, evidently, by some means, misapprehended my meaning, for he regards me as opposed to what is known as the Decentralization System. So far from that, I consider it to be sound policy for the Government of India to develop it more and more, and to trust to our endeavours to enforce economy and promote efficiency in other Departments of the public Service, besides those already selected. For I have no faith in the possibility of the government of our Indian Possessions being satisfactorily administered, except upon principles of mutual confidence between the Supreme and Local Governments. I deprecate the introduction of this question at the present juncture for fear of its impeding the attainment of my main objects, the abolition of Provincial Taxation, and the Assignment by the Government of India of a portion of the Imperial Revenues sufficient to meet our expenditure without an addition from Provincial Taxation.

Further powers of control I would prefer to receive as the unsolicited concession of the Government of India.

To my recommendation of the abolition of Provincial Taxation I entirely adhere, and regret much to observe Mr. Rogers expressing the opinion that our increasing wants will compel its retention.

The inference he draws from the late Orders of the Supreme Government in respect to municipal payments for police is, I submit, scarcely sound. Municipal payments are essentially Local, and I have, expressly, advocated the retention of Local Taxation for Local Purposes. But I deny that taxation applied to such an area as the Presidency of Bombay possesses any attributes which can give it the slightest claim to be regarded as Local. It will, ever, be viewed by the tax-payers, as in fact it is, as a Supplement to the existing Imperial Revenue required for the General Government, and, if it be found that the existing Imperial Revenue cannot, by good management, be rendered sufficient to meet the cost of our whole Administration, I believe the deficiency will be supplied with more care and on sounder principles if the Legislation to that end is entrusted to the Supreme Government and the responsibility placed, where it ought to be, on their shoulders, than if the Local Governments be driven to raise by other expedients, that provision for indispensable expenditure which should be assigned to them from Imperial Revenues accruing within their own Territories.

Taxation applied to such an area as that of the Bombay Presidency cannot be regarded as local in the slightest degree. The admission of Local Governments to a share of the Imperial revenue is far preferable to local taxation.

CHAPTER XII

HIS EXCELLENCY
THE GOVERNOR
10th October 1872

I do not wish to provoke further discussion on the questions, whether we shall ask for an assignment of a percentage on the Gross or the Net Revenue, and whether any balance saved at the end of the year, shall remain at our disposal or revert to the Supreme Government. Having stated my views on those points, I am perfectly content to leave them to the decision of higher authorities. But it will be necessary for the Secretary to prepare comparative statements showing the rates of Assignment that will be needed from the Gross and from the Net Revenues respectively.

P. E. WODEHOUSE

Statement showing the Percentages on the Gross and Net Revenues of the Bombay Presidency at which the amount assigned by the Government of India for Provincial Services for 1872-73 can be obtained

Heads of Revenue	Gross Revenue	Expenditure	Net Revenue	10.57 per cent on Gross Revenue	13.46 per cent on Net Revenue
Land Revenue	3,63,00,000	66,76,000	2,96,24,000	38,36,910	39,87,391
Tributes, &c	8,96,000		8,96,000	91,707	1,20,602
Forests	14,00,000	9,00,000	5,00,000	1,47,980	67,300
Excise on Spirits and Drugs	41,25,000	6,00,000	35,25,000	4,36,012	4,74,465
Assessed Taxes	10,80,000	53,000	10,27,000	1,14,156	1,38,231
Customs	69,00,000	8,95,000	60,05,000	7,29,330	8,08,273
Salt	68,00,000	3,60,000	64,40,000	7,18,760	8,66,824
Opium	2,21,52,000	30,000	2,24,22,000	23,73,176	30,18,001
Stamps	51,30,000	1,63,000	49,67,000	5,42,241	6,68,558
Mint	8,00,000	3,50,000	4,50,000	81,560	60,370
Law and Justice	3,55,000	45,05,000	—41,50,000	37,523	—5,53,590
Marine	5,65,000	18,47,000	—12,82,000	59,721	—1,72,557
Interest	9,74,000		9,74,000	1,02,932	1,31,100
Miscellaneous	16,05,000	16,56,000	—51,000	1,69,649	—6,865
		Political Agencies 12,00,000	—12,00,000		—1,61,520
	8,93,82,000	1,92,35,000	7,01,47,000	91,47,677	94,41,656

F. S. CHAPMAN,

Chief Secretary to Government

BENGAL

BENGAL GOVERNMENT

THE HON'BLE
SIR G. CAMPBELL
13th December 1872

Income tax had better be transferred to Local Governments

15 The only remaining item of Revenue, regarding the method of raising which the Lieutenant-Governor would have at present any suggestions to offer, is the Income-Tax. Full reports regarding this impost, the manner of its assessment, its incidence, and its yield, have been submitted to the Government of India during the last two years. One thing certainly seems clear, that it is not desirable that this tax, alone of all the taxes of India, should be levied all over the Peninsula, in one strict unvarying form, or under Laws and Rules which leave no room for the Local Governments to adapt the impost to the many races and circumstances of the different Provinces of India. The Lieutenant-Governor would not, at present, bind himself to any sketch of the form which an Indian Income-Tax ought to take, he would merely submit that, as has been previously urged in a previous paragraph of this letter, the Income-Tax had better be left to Local Governments to deal with in connection with questions of Local Taxation.

16 There remains the fifth and last point, viz., the submission of a General Review of the Local Taxation and Financial arrangements of the four years under consideration. The following extract from the Lieutenant-Governor's Administration Report for the year 1871-72 will furnish the fullest answer which can be given on this point. The extract is as follows—

“The whole of the subjects of Provincial Finance, Local Taxation, and the Self-government which is to accompany such Taxation, have been, as has been mentioned in several places, reserved to be dealt with together in the latter part of this Report. These are the subjects in regard to which the present Lieutenant-Governor has chiefly felt that it was his duty to carry out a policy laid down by superior power after much discussion and consideration. It will be well, first, briefly to review the situation to which he succeeded.

While the local Governments had very great powers in many respects, and, as regards some of the principal sources of income, especially the Land Revenue, exercised practically almost complete discretion, the power of the purse in respect of expenditure was completely centralized in the Government of India, by whom Grants to the various Local Governments were made on detailed estimates of the needs of each Department. It was impossible that the Central Power could

The decentralization measure described

Former positions of Local Governments

efficiently scrutinise these demands over so vast an Empire, and the result was sometimes that the Local Governments asked as much as possible and the Central Government gave as little as possible, and so Grants were adjusted by a species of compromise, under which, however, the general result seems to have, to some extent, been that those who asked most, and asked it most boldly and pertinaciously, got most. On this system many of the Civil Departments were constantly progressing in their expenditure, when the Government of the late Earl Mayo

Under the former system those who asked most, and asked it most boldly and pertinaciously, got most

The Provincial Services Scheme determined to apply a remedy which had been long talked of, but never carried into practical effect, viz, the Assignment of certain Funds and Resources to the Local Governments for certain purposes, to be by them made the most of. The arrangement adopted was as follows. No Sources of Revenue were made over other than the *per contra* Receipts of the executive departments transferred. But the previous Net Assignments to certain Departments, viz, Police, Jails, Education, Registration, Medical, Printing, and Civil Public Works, were taken a proportion (about 7 per cent) 'was deducted as a relief to the Imperial Finances, and as representing a share of the burden to be charged upon Local Resources', the remainder was made over as a fixed annual income. It was intended that any deficiency thus caused, and any additional expenditure resulting from progress and improvement, should be met either by economy, or by Provincial or Local Taxation.

"It is fair, however, to mention here, though the view was not taken in the original Resolution, that there had, in fact, usually, been certain savings and unspent balances in some departments at the end of the year, and that these might fairly be set-off against the deduction from the usual Assignments. At the same time, it must, on the other hand, be remembered that the Assignments on which the fixed allowances were calculated, were those which had been made, after the financial crisis of 1869, when all expenditure had been cut down to the lowest point, and were very far short of those which had been made before the financial crisis. In Bengal, for instance, there had been an enormous reduction in the sums allowed for Civil Public Works, and a very large reduction in the Assignments for the Police.

"It may be said, too, that the previous Assignments having been made with more regard to the much asking of Local Governments than to their relative population and territory, there was inequality in the fixed Assignments. For instance, Bengal with its 65 millions of people has got £1,168,592, while Bombay, with something over 13 millions by the last Census, and probably not many more now, got £880,075, or more than three-fourths the Assignment with less than one-fourth the population. Again, under the various systems prevailing in all other Provinces, large revenues were already raised for Local Purposes of the same character as those for which the Imperial Assignment was made, heavy Cesses in addition to the land revenue being assessed on the land for Local Roads, Local Police, and popular Education, while in Bengal there were scarcely any such Resources. There the petty Cesses partially levied in some few Districts and Estates were wholly insignificant in amount, the funds raised locally for Roads and bridges were confined to the Receipts from Tolls on Roads, Ferries, and Carts. There was no public provision for Local Police, the new Act of 1870 having, as before mentioned, scarcely at all come into operation, and for popular education there was absolutely no provision at all, the sums granted by the Government of India being almost exclusively devoted to the education of the upper and middle classes.

The previous assignments, under the old system, having been made with more regard to the much asking of Local Governments, than to their relative population and territory, there was inequality in the fixed assignments for Provincial Funds. Bombay gets more than three-fourths the assignment of Bengal with less than one fourth the population.

"That Bengal has been, to a considerable degree, under-governed as compared to some other Provinces, if not made sufficiently clear by what has already been said in an earlier part of this Report, may be further illustrated by a few figures in connection with this

Expenditure in Bengal compared to other provinces

financial view of the matter

"The general and revenue establishments being still paid from Imperial Revenues don't here appear, but it has been already stated that the tehsildaree establishments for revenue and executive purposes maintained in the interior of all other Provinces are entirely absent in Bengal, where Government is represented, for executive purposes, by the police alone. Yet when we looked to the police, we find that, to supervise the 13 or possibly 14 millions of

In police.

people of Bombay, there were entertained in 1870-71 of police paid by the State 16,577 men, for whom, before the recent arrangements, an Imperial Assignment of £374,703 was made, while to supervise the 65 millions of Bengal there were, in the same year, 25,043 men, including a considerable number specially employed on the Frontier, and the Net Imperial Assignment was £485,394. The Bombay Grant was thus considerably more than three-fourths of that to Bengal. For

In education

Education Bengal received £192,373, against £107,791 allowed to Bombay, but, then, while the Bengal Grant was not supplemented from any public source, in Bombay there was, from the Educational Cess on land Rs 7,20,326 in the year 1870-71. For roads and

In public works

public improvements there had been assigned £157,800 to Bengal and £121,900 to Bombay, the Bombay proportion being still higher than in the case of police, while for evil buildings there were assigned £111,370 to Bengal and £107,500 to Bombay, the smallest of the Local Governments thus receiving under this Head very nearly the same sum as the largest.

"Figures are not available to show the full difference between the financial position of Bengal and that of other Provinces, by including the Local Cesses in the account. These sums were very much at the disposal of the Local Administrations. They were certainly very large in Bombay, and considerable in the North-Western Provinces and other parts of Northern India. It is observed in a recent Report, that, in Madras, as much as £880,000 per annum is raised by a Road Cess alone.

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"These were the conditions under which the Lieutenant-Governor undertook the working of the Scheme of Provincial Finance, and the determination of the course to be pursued was to him and his advisers, the subject of long and very anxious deliberation. It seemed to be generally understood that it would not be possible to supply the present deficiency which the arrangement threw upon Local Governments, and to ensure the means of meeting the legitimate demands of the future, without imposing some fresh Provincial Taxation apart from proper Local Taxation, and it is believed that Schemes of Provincial Taxation have been brought forward by every Local Government in India except Bengal.

"At first, the Lieutenant-Governor was inclined to share this view. He could not but feel that, if such measures were justifiable anywhere they were more so in our oldest and richest Province, in which by the Permanent Settlement of the land in 1793, a very great Revenue, now levied elsewhere on present resources, had been surrendered to the landholders of the County, and an enormous property in land had been created, which had no counterpart in other Provinces. He felt that if, whether from the limitation of the land revenue, or simply in consequence of the quieter character of the people and less exacting demands of the Local Government, the Imperial Funds assigned to Bengal were, in fact, small in proportion to the vastness of the Country and the population, on the other hand, the resources upon which new taxation might be imposed were greater. Looking to the great needs of so great a Country and of a people taught by education to demand the expensive appliances of modern self-government, it was, certainly, the Lieutenant-Governor's impression that Provincial Taxation must, sooner or later, be imposed, and, to his mind, the view presented itself that it was his duty to face that necessity, and at least to make a beginning of a progressive local income which might fructify in the hands of his successors, and meet progressive demands. On the other hand, he felt that the system of Local Taxation, which it was his most especial duty to inaugurate, was one requiring the greatest care and attention, and that, however carefully arranged, all such taxation does, in the first instance, create a feeling perhaps out of proportion to the burden actually imposed. It seemed to him therefore very desirable to avoid, if possible, the imposition of too many burdens at once. He trusts that he has sufficiently shown, by the course he has pursued, in various matters that he does not shrink before clamour or personal unpopularity, when he is doing that which he conceives it to be his public duty to do, and he hopes that whether he be right or wrong, the course which he has followed in avoiding Provincial Taxation will not be attributed to political cowardice. He is, still, not without the feeling that it is somewhat of an anomaly that, in so rich a Province, where the cost of administration is, at present, proportionably, much less than in poorer Provinces, the beginning of modern modes of taxation to meet civilized wants should not be made. But on the whole, after very much thought, he came to the conclusion that, for the first year, at any rate, it would be well to invite his Council to devote itself to the subject of Local Taxation properly so called, and that, as regards provincial expenditure, he might, for the present, try the effect of constant economy and thrift, and see if he could manage to pull through with the resources which he had.

"That, then, was the programme with which the Government commenced the financial year 1871-72. This course, determined on with anxiety and hesitation, has succeeded beyond the Lieutenant-Governor's most sanguine hopes. No extensive reductions of establishments have been made in any Department, for in the only Department in which some branches have been reduced additions have been made to other branches, really reasonable demands have not, it is hoped, been rejected, real necessities have been provided for, but a constant watchfulness has been maintained over little things, nothing has been spent, so far as the Government could help, without necessity, merely because it was the custom to spend it, excrescences have been retrenched wherever they came to light. The previous scale of efficiency in regard to public works has been maintained, but there has been no indulgence in the aesthetics of bricks and mortar except so far as completion of the already far advanced High Court rendered this necessary.

"The result has been that, in most of the Civil Departments, there has been a considerable saving. In the Department of Public Works a very considerable saving has also been made, some small windfalls have come in, and the financial year has ended with a saving of about £130,000 on a comparison of the Receipts and Expenditure of the year, that sum being a clear addition to ordinary balances in hand at the commencement of the year. Under these circumstances, the Lieutenant-Governor has felt that the grounds on which fresh Provincial Taxation might have been proposed have disappeared from under him, and at the close of the last session of his Council, he was able to announce that as regards Provincial Taxation, so far as his own personal opinion and the present time are concerned, he does not anticipate the necessity of asking the Council to consider any measures for imposing fresh burdens on the people, but will be content that the efforts of all should be devoted to elaborating and putting in execution the system of Local Self-taxation for local benefits which has so much occupied the Council and the Government, and in respect of which also the Lieutenant-Governor hopes that a sort of finality has, for the present, been reached.

"The system of Account is such that it was impossible to be quite sure of the result till the year was closed, and the financial year, 1871-72 may be described as having been, for the most part, a year of economies. Now that the result has been to show so considerable a Surplus, the Lieutenant-

Lieutenant Governor's views of provincial taxation

Lower Bengal, with her permanent settlement, ought to provide a large amount of local taxation, but, for the first year of the scheme of provincial funds, the Lieutenant Governor thought it expedient to dispense with such taxation

The provincial assignment has fully sufficed

Results of the system pursued during the year

Disposal of the surplus

Governor has felt more at liberty to look to improvement as well as to economy, and has made a good many Grants in excess of the ordinary budget provision. In particular, he has made provision, in the Budget, for 1872-73, of £20,000 for the new Sub-divisional establishments already alluded to. And he has, since, thought himself at liberty to devote a very considerable sum towards the commencement of a system of popular education. He hopes that the provincial finance is now sufficiently easy to enable him to invite the submission by local and departmental officers of any plans by which great public improvements may be effected at a moderate cost.

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"Before leaving this subject, the Lieutenant-Governor would ask to be allowed to submit his humble testimony to the wisdom and the practical efficiency of the System of Provincial Finance inaugurated by the Government of the late Earl Mayo. It seems to him that, for a beginning, it went quite far enough, and not too far, that it has most successfully supplied a motive to economy and method which has taken full effect, that it has immensely diminished the friction between the Supreme and Subordinate Governments to which the finance of the civil departments continually gave rise, and that it has enabled the Local Governments to mould and shape the departmental establishments and expenses with a view to their efficiency and their adaptation to local requirements, in a way which was impossible under the old system. The experiment has been, the Lieutenant-Governor ventures to say, a complete and unalloyed success.

The wisdom and the practical efficiency of the system of provincial finance have been manifest.

"We next come to local Taxation proper, that is, the taxation of particular localities for the benefit of these localities.

Local taxation in Bengal

"It has been explained that, of such taxation, there was very little in Bengal, and that such Local Taxation as there was principally, took the shape of tolls. It seems to be the accepted Indian view, that while tolls on roads, however expensively made, and tolls on bridges are abhorrent to the people, they readily enough acquiesce in a toll amounting to a tax, on any river where there is no bridge, and where nothing has been done to facilitate the passage. Probably the rationale of this feeling is, that as a river cannot be avoided, and something must always be paid to a ferry man, it is difficult to distinguish between a very small charge as the legitimate cost of crossing and a charge somewhat larger, which combines a payment for work done and a tax. At any rate, there are many rivers in Bengal on which public ferries had been established, and there was a profit, from this source, of something near £60,000 per annum. About £9,000 per annum was derived from road tolls, and there was a considerable profit from the tolls charged on the Canals leading from Calcutta to the Eastern Districts of Bengal, and on the river channels kept open by artificial means. In the settlements of estates, which were not included in the Permanent Settlement, or had reverted to Government, effected in recent years, it had been the practice to levy, in addition to the revenue, a further sum of one per cent for roads, but this applies to but a small proportion of Bengal estates, and produces but a small sum, about £3,750 per annum. Altogether, after deducting expenses from a gross collection of about £130,000 per annum, the net proceeds of tolls of various kinds, with this small Road Cess added, was, in all, on an average something approaching to £100,000 per annum. The above funds were devoted to the construction and maintenance of Local Roads and Bridges. The Tolls are not, by any means, equally collected all over the Country, public toll-paying ferries are almost universal in some Districts, and

are very rare in others. But, since a regular Department of Public Works has ruled over these things in Bengal, the whole of the collections were centralized in one Fund, and, from that Fund, sums were annually assigned according to what were considered to be the needs of each District at the discretion of that Department. To the funds already mentioned were added certain sums—profits of jail manufactures and surplus proceeds of pounds—which the Local Governments had been permitted to appropriate to the purpose, and, altogether, the Government was able to distribute about £120,000 per annum to be spent on local works. This money was, however, very unequally distributed, some favoured Metropolitan and other Districts which collected very little, got a disproportionably large share of the assignments, while other remote and little-visited Districts got much less than they collected.

"The only other Local Tax levied throughout the Country generally was an extremely light cess imposed on the zemindars in commutation of their liability under the old law to forward the District Posts. This Cess amounts on an average to about £24,000 per annum.

"When it is said that the above are the only Local Taxes generally levied, it should be explained that the statement refers to Cesses and Taxes levied for public purposes. It is, too, certainly, the case that very much larger Cesses are, habitually, levied by zemindars for their own benefit, and, in nothing, is the distinction between the benefits claimed under the Permanent Settlement and the way in which the obligations of that Settlement are set at naught, more striking than in this respect. The Regulations by which the Permanent Settlement was established, rigorously laid down that all payments due by the ryots to the landholders must be included in the one rent, and that no other Cesses or exactions of any kind were to be taken by the zemindars, on any pretext whatever. It is known that such Cesses are now, nevertheless, very generally levied under various forms, in great number, and, sometimes, to an excessive amount. The Lieutenant-Governor's attention was prominently called to the subject by the Magistrate-Collector of Balasore in Orissa, where the system is peculiarly inexcusable, because, in that province, there is not the ordinary Zemindaree Tenure of Bengal. There, all the old ryots have long

Illegal land cesses levied by zemindars

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leases from Government direct, and the zemindars are still, in respect of them, mere rent collectors, who have not the shadow of a right of any enhanced rent. Yet it was shown that they exacted eleven different kinds of annual Cess, besides seventeen descriptions of occasional Tax. Among the former were Cesses to recoup themselves for the postal payments, Cesses on account of the telegraph wire running through their estates (a pure imposition, as this costs them nothing), Cesses to reimburse them for Income Tax, and so on. There were presents exacted for the zemindars' underlings, presents, very compulsory in their nature, on every occasion of a zemindar's moving from home, or of a Magistrate's travelling through the estate, on account of fictitious expenses that were never incurred.

"In Bengal the levy of Cesses may, or may not, be earned to such an excess as in comparatively primitive Orissa, but that the system does prevail there is no doubt. In Bengal Proper, however, the Lieutenant-Governor also feels this, that the Cesses, illegal though they be, do in practice to some extent take the place of the enhancement of rents to which, by litigation, the zemindar might, perhaps, establish a right, and there is little doubt that the people much prefer such Cesses to any alteration of their old-established rents. Where, then, there has not been any recent general enhancement, and the Cess System is not carried to very great excess, the Lieutenant-Governor is inclined to think that, while the people do not complain, it may be better not to embark on a crusade to put down such customary illegalities, and that we may, perhaps, trust to the gradual enlightenment of the lower orders to enable them so far to look after their own interests. In Orissa, where the exactions are so shameless and so little founded on any equity of any kind, it will probably be desirable to make more serious examples, when the inquiry which the Lieutenant-Governor directed is completed.

Illegal transit and market dues

"There is another form of local collections which is much more unjustifiable. In the original Settlement certain items classed under the general name of sayer were included in the assets of the zemindars—dues levied on produce brought to market, tolls taken on boats passing along rivers, or on goods landed and shipped, and so on. But these practices having led to abuse, it was determined to abolish and prohibit them all, and to give compensation to the zemindars who had profited by them. A Regulation for this purpose was passed in 1797, and thenceforward all such collections were strictly prohibited. All dues on transit or purchase and sale were declared to be illegal, and forbidden under penalty of confiscation of the estates of those who contravened the law. It was specially enacted that no dues whatever were to be levied in markets, saving only regular monthly or annual rents for shops, and for the market dues, as well as for all other collections, full compensation was given. Yet it turns out that these enactments have been wholly set at defiance, dues on goods brought for sale are levied in almost every market in the country. One case has come to light near Calcutta, where the proprietor, to this day draws from Government annual compensation for his abolished market dues, but has only moved the market to a short distance, and there levies the dues just the same. On various pretexts, dues are levied in many places from boats passing along rivers, and, wherever goods are loaded or unloaded, a zemindar's tax-gatherer appears. It has come to this, that, on the very main arterial roads made by Government, private persons levy tolls on goods shipped or unshipped from or to the road, and an attempt was made to levy tolls on the goods brought to the railway wharf at Patna. A full inquiry into these practices is being made, and the whole subject will engage the attention of the Government. To the market question there are, as a matter of expediency, two sides, but the dues on goods in transit are an unmitigated evil when levied for private gain only. It may further be here mentioned that the ferries in private hands appear to be very little regulated, and probably have become, in many places, the means of levying a private tax."

Decentralization measure has proved a very great success

16 The Lieutenant-Governor considers it to have been extremely fortunate that the Government of India, in December 1870, did not attempt to formulate very closely the rules within which the Local Governments might administer the Provincial Departments and the Provincial Assignment. It is partly owing to this absence of narrow restrictions, and partly to the consideration shown by the Supreme Government in all Provincial Finance matters, that the Scheme of December 1870 has, in Bengal at any rate, proved a very great success. There has, of course, been much less friction in the administration of the Provincial Government than before, the Local Government has had very much less occasion to trouble the Supreme Government with long references and reports, while the Supreme Government has been much less often put to the pain of having to negative measures, wise and desirable in themselves, merely on the ground of expense. The hands of the Local Government have been much strengthened, it has been enabled to localize much more than heretofore, the administration of the spending Departments of Public Works and Education. The Lieutenant-Governor fully believes that this localization of responsibility and power has been, and will be, productive of much economy and efficiency. He can say, for his part, that he now looks more narrowly into the necessity and usefulness of any proposed measure or expenditure than might, otherwise, have been the case. When he has sanctioned expenditure, he has been more particular than ever to see that no money was wasted, and that not a rupee was spent that could be saved. One chief means of effecting this last object has been by delegating more power and responsibility in these matters to Local Officers and to Local Bodies. He feels satisfied that small funds which have to be spent in dribblets all over the Country will be better and more economically spent if the responsibility rests with trustworthy Local Officers or Local Bodies. Almost every useful measure or reform must, at some

time or other, become a money question, in some shape or form, and when the Local Government has to obtain the sanction of the Supreme Government to every increase or redistribution of charge, it is, more or less, debarred from any measures which involve expenditure. It may, perhaps, be as well to trace, very briefly, the way in which the Decentralization System has affected the measures of the Local Government under each Head of Service.

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Taking the order in which the Services appear, we find that under—

Jails The Lieutenant-Governor has been able to push forward new jail buildings, to set in train a plan for completing jail accommodation to an extent that was not possible in former years. In so doing he has only carried out the policy which the Supreme Government long ago enjoined, but which financial exigencies had heretofore checked. He has also been able to forego a certain amount of manufacturing profit, so as to ensure really sharp, though often unremunerative, punishment on short-termed prisoners. He has incurred some outlay, and is about to incur much more, in separating prisoners of different classes from each other. All these measures cost money, and could hardly have been so rapidly sanctioned and carried out under the former system. Yet, notwithstanding all these measures, the jail expenditure is kept considerably below the budget estimate of the year 1870-71, or the last year before the Decentralization.

The *Registration Department* received, under the Orders of December 1870, about Rs 60,000 below its Receipts. But notwithstanding this, the Lieutenant-Governor has been able to extend the convenience of registration offices to fresh tracts of country.

17 Under the head of *Police* no considerable saving has been possible, because it turns out that when, under the pressure of the Government of India, a large reduction was shortly before effected, a good many necessary items were left unprovided for to be met from 'General Savings'. The chief police measures of the year have been unconnected with questions of expenditure. The Lieutenant-Governor's concern for the Provincial Finances has, however, led him to abstain from filling a certain number of police assistant superintendent-ships, the abolition of which may perhaps be possible.

In the higher departments of General Education considerable savings have been effected, which will enable the Lieutenant-Governor to provide for the teaching of Science and Art, and perhaps to save something for General Education.

In the *Department of Public Works* economy has been practised so successfully as to lead to a large saving.

18 It was, perhaps, feared at one time that Local Governments would exercise their powers of raising and spending money too freely, and that the check upon expenditure would be less strict than when every proposal involving money was jealously watched by the Financial Department of the Government of India. So far as Bengal is concerned, the experience of the last eighteen months warrants the belief that the Local Government will check provincial expenditure, and examine all applications for Provincial Funds quite as closely as, and perhaps more successfully than, the Supreme Government could do. In Bengal, at any rate, the power of raising further Provincial funds by fresh taxation has not been abused, and has not been at all exercised. No proposal of the kind has been even brought forward. To meet the expenditure on primary education, the Lieutenant-Governor must rely principally on savings in other Departments. The only further funds available to aid the Road Funds of poor Districts, and contribute to other necessities over and above the Imperial Assignment for Provincial Services, are—

about Rs 4,00,000 net tolls on provincial roads, canals, and rivers

" " 2,00,000 net profits on Jail Manufactures

" " 1,00,000 surplus receipts of Cattle Trespass Fines

These sums are in round numbers all that the Provincial Government reserves for general purposes out of the receipts which were formerly distributed, so far as the Lieutenant-Governor can foresee, nearly the whole of this sum will be required, for some years to come, for grants in aid of District Road Committees in parts of the Country where there is no Road Cess, and where roads are much required.

19 If the Supreme Government should be pleased to consider that the Decentralization Arrangements have, so far at least, been successful, the Lieutenant-Governor would recommend that the same principle should be extended gradually to other Departments of the Government. He would begin with the Departments, or parts of Departments, which most nearly concern the Local Administration, and with the precise requirements of which the Supreme Government may be supposed to have least concern. He would suggest that—

(1) Judicial, Revenue, and General Ministerial establishments,

(2) Contingent expenditure of all kinds,

(3) The Subordinate Executive Service,

(4) The Subordinate Judicial Service,

be made Provincial Services in the same way as the Police and Educational establishments have been made Provincial. The provision against the creation of any new appointment on a salary exceeding Rs 250 a month, and against increasing any such salary, and the general restriction in the Orders of December 1870, would probably suffice to keep the Local Governments from exercising new powers of this kind unduly. The advantages of making these services over to the Provincial Governments are, that the charge on the General Revenues in respect of such establishments is, to a great degree, stereotyped, that the Local Governments understand that, if they have new needs, they must find the money themselves by savings in other quarters, that, in after years, if the value of money should fall still further, and Local Governments should absolutely require further means, they will have to raise such funds after

Decentralization measure should be extended gradually to other departments of the Government.

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their own fashion, and that the Government of India will not be obliged to invent different forms of taxation for each Province, or, what might be worse, to impose new general taxes on the whole of India. No doubt these concessions to the Local Governments would give them increased power and scope, but they, in their turn, would have to concede increased responsibility and power to the Local Bodies through whom any departments or any branches of public business might be administered.

20 In illustration of the way in which further extension of the Decentralization Principle might diminish friction and improve the administration, I am to adduce what has recently occurred in the Burdwan division. From the year 1865 to 1872 there has been much discussion about the revision of jurisdictions in the Burdwan division, from time to time various high judicial authorities have said that there were more moonsiffs' courts than were required. In 1868 one experienced High Court Judge specially reported that three moonsiffes might be abolished, and he added that funds might thus be made available for a Sub-divisional Magistrate's court, which was greatly wanted in that part of the Country. Now, in 1872-73 the moonsiffes in that quarter are being reduced, but this Government has not yet reported on these reductions, because it is not certain how far exactly the reductions can be usefully carried, and it fears that, if reductions were once made and reported, there would be difficulty in ever getting any of the money so saved granted for establishments in other parts of the Country where they are much wanted. At the same time, the Lieutenant-Governor has proposed to create a new Sub-division in that part of the Burdwan Division, but the Supreme Government, on being asked to sanction the establishment for this Sub-Division, requires information as to reasons for the new Sub-Division. The Government of India must, while it is fully responsible in such affairs, satisfy itself fully on all propositions of this kind, but His Excellency the Viceroy in Council may perhaps be of opinion that, in such matters, the full responsibility should be laid upon the Local Government. If all these establishments had been provincial, the supernumerary moonsiffes would have been reduced, moonsiffes then would have been established in other places where they are wanted, and the Sub-divisional Magistracy would have been strengthened as soon as the High Court had satisfied this Government that the redistribution of offices was reasonable and desirable. In such a matter, the Supreme Government might well be relieved of responsibility.

No department of the revenues or receipts has been made over to the Local Government.

21 Hitherto the responsibility of Local Governments, under the Orders of December 1870, has been confined to expenditure, no department of the Revenues or Receipts has been decentralized in the sense of being made over to the Local Governments to administer, to improve, or to reduce. The Local Governments have indeed managed the Registration, Police, Jail, Educational, and Medical Receipts, and, in Bengal, there has been no raising of the rates of school fees, or of registration fees, and there has been no attempt to make municipalities pay more for their police than before. So far as the experience of eighteen months in Bengal goes, the Local Government has not attempted to increase its provincial receipts in these ways, indeed, it has striven to reduce school fees. So far as the short experience already gained goes, it might be expected that Local Governments would not enhance the taxation made over to it merely to increase their revenue. On the other hand, the Lieutenant-Governor believes that the Local Governments can and would adapt their taxation more to the circumstances of each Province. In Municipal Taxation this is already done. For instance, in Amritsar and Lahore, a riot would be produced by an attempt to levy direct town taxes after the fashion of Howrah or Dacca, while the Octroi, in which Sikhs acquiesce so readily, is said to be repugnant to the people of straggling Bengal towns like Hooghly or Moorshedabad. So with the Stamp Revenue again, the only hope for fair and peaceful indigo cultivation in Behar and Bengal, such as shall benefit both Ryot and Factory, is that all their agreements and engagements shall be properly engrossed with all due formalities. Yet, as the law at present stands, a ryot under engagement to sow indigo must pay eight rupees Stamp Fee before he can get a formal quitance. The Stamp Fee on quitances was perhaps fixed with a view to other circumstances, but if the Local Government had possessed power to act in such a case, the fee on indigo contract quitances would have been at once reduced. Or, to take the Income Tax, there is the same law for the whole of India, and so the Bombay ryot, who clears Rs 500 from his land after paying Government Rs 7 an acre land revenue, has to pay the same rate of Income Tax on his farming profits as the Gowalparah Zemindars in Bengal, who collect an enormous rental, pay Rs 10,000 in land revenue, and receive from Government Rs 10,500 as compensation for the abolition of Sayer Duties.

The Income Tax might with great advantage be made over to Local Governments with a percentage of all revenues, except Opium.

22 The Lieutenant-Governor has already intimated that he thinks the whole or great part of the Income Tax might, with great advantage, be made over to the Local Governments.

23 He is not prepared to recommend the immediate transfer of any other great Head of Revenue, but he would suggest that a percentage on all Revenue except Opium might be allowed, so as to enable the Local Government to meet the cost of the subordinate establishments which he has proposed to make over. The Local Government, thus receiving a sort of commission, would have a direct interest in the various Branches of the Revenue. The Lieutenant-Governor would, certainly, recommend the transfer of the Stamp Revenue if he were not deterred by the feeling that some of the Stamp Charges are at present too high, moreover, the Stamp Revenue may include a great many different things, so that the nature of the Stamp Revenue made over would have to be exactly defined.

24 If it be considered desirable to make over to Provincial Governments any Heads of Revenue, the Lieutenant-Governor would not recommend that any particular items of Revenue should be allocated against any corresponding Head of Charge. He would not suggest, for

instance, that Stamp Revenue be set against the cost of Law Courts, such allocations must act unfairly in some Provinces, and they might be too liberal to others. He would have the Government of India say to a Province—Bengal, for instance—“Your Provincial Assignment has, heretofore, been 123 lakhs, and you are now to have further Provincial Services to the amount of 150 lakhs made over to you, so that your Provincial Charges will be 273 lakhs in all. We wish to put you on an easier footing, and we will make over half the Income Tax as a free gift. For the rest you shall have Stamp Revenue yielding 25 lakhs and 12 per cent on your other Receipts (except Opium) yielding 125 lakhs, you must now make both ends meet as best you can.”

25 There is one other matter of detail in the working of the Decentralization Arrangements with which the Lieutenant Governor is not perfectly satisfied, and that is the conduct and preparation of the Financial Accounts—a matter of very great importance. The Supreme Government was pleased, in the Resolution of December 1870, to rule that the Provincial Accounts should be kept by the Regular Officers of the Account Department without extra expense to the Provincial Governments. In Bengal, however, the Accountant General has asked for, and the Lieutenant-Governor has been obliged to grant, provincial money to help in keeping the Provincial Accounts, and has never been able to get them in the forms he asked for. But it would be much more convenient if a competent officer could be appointed to manage the accounts of the Provincial Services under the Local Government. At present the Accountant of the Scheme is the cause of great difficulty and hindrance.

26 I am to sum up what has been submitted in this letter thus—

- (1) The Decentralization Arrangements have been a great success in that they have tended to ensure economy and to localize administration, expenditure, and responsibility, while they have not increased the public burdens in Bengal.
- 2 The first year of the Provincial Finance in Bengal has ended with a considerable Surplus, which cannot be expected to recur in future years.
- (3) Decentralization might, with advantage, be extended to certain other Heads of Expenditure, namely—
 - (a) Ministerial, Revenue, Judicial, and General Establishments,
 - (b) Contingent expenditure of Ministerial, Revenue, Judicial, and General establishments,
 - (c) Subordinate Executive Service,
 - (d) Subordinate Judicial Service,
 and also to certain Heads of Revenue, such as—
 - (a) Income Tax,
 - (b) Stamps and Court Fees,
 - (c) A percentage on other Revenues.
- (4) There should be a separate Account Office to keep the Provincial Accounts.

NORTH-WESTERN PROVINCES

In my letters marginally noted, the Lieutenant-Governor's views were conveyed regarding the working of the Resolution of 14th December 1870, No 3334, in its financial and administrative aspect, as far as it had been in operation up to the time of writing, and some minor changes of detail were suggested. I am now, in continuation of those letters, to submit some further suggestions regarding the probable future working of the Resolution, and the manner in which His Honour would be glad to see the scope of the Measure enlarged.

2 It is the opinion of Sir William Muir that all the Services provincially administered might advantageously be treated upon the same principle—that is, all the Civil Services, excepting those centralized as Imperial Departments (the Postal, Telegraph, Customs, Salt and Opium Departments), and that a corresponding Assignment should be made for carrying them on.

3 His Honour has, already repeatedly, advocated the transfer of the Excise Department, and he is aware of no possible objection to treating the revenue and judicial establishments, in short, all the other civil establishments, on precisely the same plan. It is admitted that the conferment of provincial control has promoted both efficiency and economy in the branches to which it already extends, and by giving the Local Authorities a domestic interest in retrenchment and economy, has tended to foster thrift and check extravagance. Precisely the same advantages may be looked for in the other Branches of the Service.

4 To meet the expenditure thus devolved on the Local Government, an income commensurate with its new responsibilities must be made over to it. This might either be (1) a sum fixed at the amount of this fresh liability, or (2) a share of the Revenues of some or all of the Departments.

5 The first plan would not, of itself, provide that healthy endeavour to improve the Revenues which a domestic or provincial share and interest in their growth must stimulate. This object might, however, be attained by a condition that when the whole Provincial Revenue exceeded a certain sum, which might now be named as its present normal Revenue, a share in the excess, say a half, a fourth, an eighth, a tenth, &c., according as the requirements of the Empire might admit, would be added to the Provincial Income.

CHAPTER XII

BENGAL GOVERNMENT

13th December 1872

In making over revenue a particular revenue should not be told off for meeting expenditure under a particular grant.

A separate Accounting Officer for the accounts of Provincial Funds is desirable.

GOVERNMENT OF THE NORTH-WESTERN PROVINCES

25th December 1872

The decentralization measure has worked so well that all the services provincially administered might advantageously be treated on the same principle, or, rather, on that principle so far modified that, 1st, a share in some or all of the revenues, sufficient to cover the cost of the additional departments transferred, might be made over to the local Government, or 2nd, a fixed allotment may be transferred with the services, besides a share in the growth of provincial revenues over a normal amount of such revenue. The first of these plans might cause financial failure of the Local Government in a year of famine, the second plan is accordingly preferred.

CHAPTER XII

GOVERNMENT OF THE
NORTH WESTERN
PROVINCES,
25th December 1872

6 It is evident that the *second* plan above-mentioned, namely, the Assignment of a share in some or all of the Revenues, so fixed as to cover the cost of the Services now to be transferred, would meet the same object, that is, would give the Local Government a domestic interest in the improvement of the Revenue, as well as in thrifty administration

7 In making any arrangement of the kind contemplated, the character and present condition of each branch of the Provincial Revenues would need to be well considered, some of these being more susceptible (as the Excise) of improvement from local effort than others, some (as the Stamp department) resting mainly on Imperial Legislation, some, perhaps, abnormally depressed, others having the prospect of extraordinary enhancement, as in backward Provinces now being opened up by Canal or Railway

8 As regards the North-Western Provinces, the Lieutenant-Governor sees no reason why the existing income in all Departments (excepting Land Revenue) should not be treated as the Normal Income. A year or two ago, the Excise income, indeed, had (partly from drought, partly from an unsuccessful experiment) fallen considerably, and His Honour is free to admit that, had his proposal to treat it provincially been then adopted, these Provinces would have unduly benefited by its subsequent improvement, it has now, however, regained its ordinary level. But the Land Revenue will considerably improve, it is, as His Excellency in Council is aware, in process of revision, more than a half of the expected increase has already been assessed, but there will still be a considerable enhancement in the Districts remaining. In some Provinces still backward and assessed low (as the Central Provinces), there is, of course, vastly greater room for expansion, while in others, as Bengal and the permanently-assessed portions of these Provinces, there is no prospect at all of increase. This consideration is against the proposal for making the Provincial assignment in the shape of a share of the Revenue

9 Another proposal has been put forward of transferring the Revenues of the various de-

RECEIPTS		CHARGES	
<i>Estimated for 1872-73</i>		<i>Estimated for 1872-73</i>	
	Rs		Rs
Land Revenue	4,15,56,000	Land Revenue	44,50,000
Excise	20,50,000	Excise	1,15,000
Assessed Taxes	8,60,000	Assessed Taxes	16,000
Stamps	30,75,000	Stamps	85,000
Law and Justice	8,68,000	Administration	11,85,000
Miscellaneous	3,50,000	Minor Departments	1,45,000
		Law and Justice	32,82,000
		Ecclesiastical	1,90,000
		Medical	2,68,000
		Miscellaneous	39,000
	<u>4,87,59,000</u>		<u>97,75,000</u>

putments with their respective charges as they stand, the present Surplus going to the Imperial Treasury in all time to come, for the Home and Indian charges of the Central Government. Under this system, as in the margin, the Receipts transferred would be £4,875,900, the Charges £9,77,500, the Surplus £3,898,400, that is to

say, the subsisting condition would be stereotyped as between the Local and Imperial Governments, and the former would profit by all future improvement in the Revenue

10 The objection to this is that it would be unfair to the Imperial Government, which would be shut out from its share in the improved Revenue. The expenses of the Central Government must in the course of time, to some degree be enhanced by the increasing prosperity of the Country and activity of the Local Governments, its expenditure may also be affected by fall in the value of money and rise in prices, crises which would affect all Imperial Establishments, including the Army, which must remain an Imperial Charge with all its ancillary departments, as the Commissariat, Army Works, &c. No system could be approved which did not make provision for growth in the cost of these

11 Another objection is that local failure would make the Local Government bankrupt. A Famine, which should render necessary a suspension of 30 or 40 lakhs, would cut away the provision for the salaries of half the establishments in the North-Western Provinces. The vastness of the Empire forms, as it were, an insurance against these local calamities, and so it can afford to keep up the Local Assignments, in the face of such partial failures as would utterly disorganize a Province left, for the time, to its own resources

12 On all these grounds, the Lieutenant-Governor is disposed to recommend the first proposal (paragraph 5), namely, that, with the transfer of the remaining Civil Departments, a fixed and permanent provision should be made to defray their charges, with this condition that each Province should benefit from time to time in the growth of its revenues, by receiving a share of the increase such as the condition of the Imperial Balance-sheet might admit. Under this system, the appropriations for the payment of provincial establishments would be secure against failure, and there would also be the highest inducements of provincial interest to economy in expenditure, as well as improvement of the revenue

13 The proposed system would remove what has been noticed as a defect of the Decentralization Scheme of December 1870, namely, that it is inelastic, and holds out no prospect of a Province profiting by the improvement in its revenue so as to have correspondingly improving resources to meet the increasing demands created by increasing prosperity. This want

The defect of the Decentralization Scheme is that it is inelastic. The foregoing enlargement of it would correct this

The Government has reached, or almost reached, the end of its means. Provincial revenues are inelastic. The Decentralization Scheme has no doubt tended to make the funds at the disposal of the Local Government more effective by placing them more immediately under control and making them available for this purpose or that, but it has also restricted those funds to one fixed amount and has practically declared that whatever may be the increase in imperial revenue, or the prosperity of the Imperial Finances, the Educational Department, that which confers the highest moral and social good on the country, is to hope for no enlargement of its means from that source.

may be illustrated by the marginal quotation from the Educational Review of 1871, and similar remarks apply to such branches as Public Works, Exhibitions of manufactures and products, Schools of Art, Medical Colleges, &c, for all of which it would be encouraging to have the prospect of an increasing margin

14 Another grave defect in the existing system would also be eliminated,—the antagonism inherent in it between Imperial and Provincial interests. So long as the Receipts arising from certain Branches administered by the Local Government are credited to the Imperial Account, and others to the Provincial, there must be an insensible bias in favour of the latter, and, so long as the charges appertaining to certain branches are debited against the Imperial Account, and of certain others against the Provincial Account, the same insensible bias will exist to the latter at the expense of the former. An antagonism, of which already there have not been wanting symptoms, will, slowly but surely, grow up between the two Classes of Receipts and Charges. The proposed system will sweep all this way, there will no longer be any Provincial Revenues or Charges, as distinct from those of Imperial Departments administered by the Local Government, and the rivalry will cease.

15 The revenue and charges from Canals would, naturally, fall under the same treatment, and it would, presumably, be necessary to make the several Governments responsible for the interest of the borrowed capital out of which any of these have been constructed. Such a Scheme has already been suggested in my letter No. 11 of 2nd February, Revenue Department, addressed to the Legislative Secretary, on the subject of the Canal Bill.

16 The Salt, Customs and Opium Departments, though administered by Local Governments, would, necessarily, be exceptions from the rule. The Salt revenue is essentially Imperial; the receipts have no local character; they sway backwards and forwards from one channel to another, with the changes of trade, and the efficient protection of every mile of the entire Line is essential to the safety of the revenue in any part. Thus, a District, which receives little or none of the Salt Revenue, may yet be as much entitled to credit from it as another which brings in many lakhs.

17 Similar considerations apply to Customs and Opium.

18 The Forest branch hardly comes within the same category, though its establishments have, unfortunately, been cast in one Service for the whole of India. These might again be made Provincial, and the Revenues and Charges placed at the discretion and responsibility of the Local Governments. The receipts, however, at present, fluctuate greatly with the demand of the State Railways for sleepers.

19 The Lieutenant-Governor has frequently urged that the large financial responsibilities devolved by the new system on the Head of a Local Government should be met by the appointment of responsible councillors. It is evident that the need will be much more felt if the system be largely extended, and His Honour would again solicit the attention of His Excellency in Council to the subject.

If the scheme be thus extended, the local Government must be provided with responsible councillors.

I am directed to acknowledge the receipt of your No. 2822, dated 18th December 1871, asking for an expression of the opinion of this Government as to the working of the scheme contained in the Resolution of 14th December 1870.

GOVERNMENT,
NORTH WESTERN
PROVINCES
11th May 1872

2 The effect of the change then introduced may be regarded in a two-fold light: first financial, second, administrative.

3 As regards the financial effects of the change, I am to refer you to the Budget Statement of Provincial Revenue and Charges for 1872-73, and to the Resolution of this Government, No. 486A, dated 29th March 1872, which accompanied it, both of which were published in the *North-Western Provinces Gazette* for 30th March 1872. The Statement in paragraph 31 of that Resolution compares the Charges of 1870-71 with the Estimates of 1872-73 for each Department transferred, and it will be seen that the variations are not considerable except in the case of the Public Works Department. There, the expenditure, though kept as low as His Honour deems to be consistent with due regard to the needs of the great and increasing traffic of the Province, exceeds the Permanent Grant, fixed in reference to the Budget of 1870-71, by more than 8 lakhs. The total excess of the Estimate over the figures of 1870-71 (the standard of the Permanent Assignment) is £84,179, which, added to the Deficit in the Allotment made, £48,030, brings out a total of £132,209 as the amount which the Province has had to provide out of Local Taxation, towards carrying on the Departments transferred from the Imperial Exchequer.

4 This, as is already known to His Excellency's Government, has been done by the imposition of no new Taxes except the Acreage Tax in the Benares Province, which is expected, this year, to produce about £40,000. The remainder, or a little above £92,000, has been mainly provided out of the "Local Cess"—a rate which, though made authoritative by Act XVIII, 1871, was already in process of imposition by the Settlement Officers, and is not a tax specially invented to meet the financial difficulty. The proceeds of this tax were intended chiefly for purposes of Village Police, Education, and Roads, a margin was indeed to be reserved for Sanitation and General improvements, but it was originally intended to be of, comparatively, small amount. Instead of this margin the lump saving of 9 lakhs, which has been obtained from it, has been diverted from those purposes, mainly by lowering the price and establishments of Village Police, and by putting off contemplated measures of Sanitation and Local Improvement.

The acreage tax in the Benares Province is the only new tax. The remaining increase from enhanced cesses, though made authoritative by Act XVIII of 1871, was already in process of imposition by settlement officers.

5 I am to add that as soon as the Actual Receipts and Expenditure of the year 1871-72 are known, the figures will be published and reviewed.

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GOVERNMENT OF
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PROVINCES,
25th December 1872

6 Turning now to the administrative effect of the Scheme, I am to say that it has, on the whole, fulfilled the expectations which His Honour the Lieutenant-Governor conceived, and with which he hailed the introduction of the Measure. It has strengthened the hands of this Government and enabled it to carry out many minor measures of departmental reform. It has given it a direct and vivid interest in the attempt to combine economy with efficiency. The greater facility of moulding establishments and other expenses to the varying circumstances of the day, by giving, in one direction, and taking in another, has certainly tended to promote the power of the Administration, and diminish the expense of working it. And it has in some cases conduced to saving, by the power it conveyed to carry out reforms at once, without the generally long protracted delays entailed by a reference to the Supreme Government.

7 During the year 1871-72, almost every one of the transferred Departments has been thoroughly and minutely overhauled and examined. The Jail Establishment, the Registration Department and some branches of the Educational Department, have been entirely revised and re-organized, upon a more effective and vigorous plan of action. In the Vaccination, Dispensaries, and Printing Departments, considerable reforms have been carried out. Lastly, the Public Works Department has been entirely reconstituted, and a new system organized, which is in accordance with the altered administrative arrangements of the day.

8 There remains, indeed, much still to be done, doubtful questions to be decided, and reforms to be carried out, but His Honour cannot regard without real satisfaction the measure of progress which has been made during the past year.

9 I am to mention that the Acts on which the working of some Departments rests were passed before the Decentralization Measure took effect, and are not consonant with the changed order of things. The Jail Act for instance (XXVI of 1870, Section 9) lays down that no change in the salaries of the subordinate establishment can be made without the sanction of the Governor General. The Registration Act (VIII of 1871, Section 14) prescribes a similar rule respecting the remuneration of the Registering Officers. These are restrictions which are inconsistent with the direct authority conferred on the Local Government over these Departments, and I am to suggest that steps may be taken to remove them.

10 I am also to submit that the conditions particularized in paragraph 21 of the Resolution of December 1870, unnecessarily hamper the independent action of the Government. His Honour would refer especially to Rules 1 and 2 as imposing a restriction which is hardly necessary and is often inconvenient. It seems unreasonable that the Lieutenant-Governor should be able to sanction the building of the Allahabad College, and to endow it with scholarships and professorships, but should be unable, without the sanction of the Supreme Government, to appoint any of the officials on the establishment. His Honour would submit that checks of this kind are not needed, since the financial interest of each Government is a sufficient guarantee for economy, and, if not needed, they are certainly injurious.

11 While urging that greater freedom should be given to the Local Government, I am, at the same time, to say that Sir W. Muir remains of the opinion urged in my despatch, dated 27th January 1871, and also in his place in the Legislative Council on 6th April 1871, that the Lieutenant-Governor should be assisted by Financial Council. It is not right that so great a personal responsibility in respect of the allotment of funds should be put solely and individually on the Lieutenant-Governor without the means of securing advice from independent and responsible Councillors.

12 I am also to say that, while the Lieutenant-Governor cheerfully acknowledges the ready aid and advice always readily given by the Accountant General, His Honour is not satisfied that the arrangement is such as to secure invariably the punctual rendering of the provincial accounts. On this point a separate communication is under preparation, in which the difficulties of the case, and the Lieutenant-Governor's views, will be more fully expounded.

PUNJAB.

* * * * *

PUNJAB GOVERNMENT,
4th November 1872.

12 With reference to the feeling of the Agriculturists as to those Cesses which are realized by a percentage on the land revenue, such as the Road Cess, Educational Cess, and the District Dāk Cess, the Lieutenant-Governor is altogether of opinion that there is no feeling against them, on the part of the people. They have, from custom, come to be considered as legitimate adjuncts of the land revenue demand, and are paid without objection. The direct land assessment in the Punjab has always been fixed low, leaving such a margin that these extra Cesses on the land can be paid without hardship.

13 Against the imposition of the new Local Rates Cess, it was to be expected that many complaints would be urged, these, however, have been far fewer than the Lieutenant-Governor anticipated under the Decentralization Resolution of the Government of India, and considering the necessity of raising additional funds for local improvements, the imposition of the Local Cess was inevitable, but the Lieutenant-Governor himself, during his last cold-weather tour in the Southern Districts of the Province, made inquiries in numerous villages inhabited by peasants who were in no way careful to conceal their real opinions or to hide real or fancied grievances, and the objections to the new Cess which he then heard, every encouragement being given for their free expression, were not numerous, nor does His Honour believe that this tax is considered generally as a breach of faith on the part of the Government, as being an enhancement of the land revenue during the term of the settlement. Too much credit is

given by some officers to the complaints of agriculturists, who are ever ready to persuade any officer who is not careful to consider the real merits of their grievances that they are in bad circumstances, and unable to pay the Government demand

14 Whatever may be the opinion of the people as to the Cess, the officers whose opinions are recorded, are almost unanimous that there is no other manner in which the same amount of money could have been raised in a less unpopular form, the money being urgently required for District and Provincial works of importance. This appears to His Honour a complete justification of the Cess, and he is not without hope that the expenditure of the proceeds, exclusively within the contributing District, may, in the end, go far towards reconciling the payers to its imposition

15 The last question to which selected Officers were requested to return answers was of a more general nature, and enquired whether, besides Taxes which had been specially mentioned, there were any others—Imperial, Provincial, Municipal, or Local—which were known from actual experience to create special discontent and dislike, and, in answer to this question, only the water-advantage revenue from canal-irrigated land and the new system of collecting grazing dues of Government waste lands, were mentioned. With reference to the first, the Lieutenant-Governor is decidedly of opinion that great improvement may be introduced into the manner of collecting the water-rates on canal-irrigated lands, and this is now under his consideration, but he is not disposed to admit that the incidence of the water-advantage rate is inequitable. On the contrary, and specially in those lands which, without canal irrigation, would not be capable of cultivation at all, he believes that a very much larger share of the increase due to expenditure on the part of the Government might, equitably, be demanded from the people

As to the change in the system from the enumeration of cattle in waste lands, to the farming to contractors, plots of such land, there is little doubt but that the pastoral tribes chiefly affected by the change are opposed to it, this, however, was inevitable, and the fact is simply that a large amount of Government revenue was formerly sacrificed, owing to the inefficient and extravagant management of Government waste which has now been placed under systematic control, with the result of a largely enhanced revenue

I am directed to reply to your letter No 2019, dated 17th August, requesting that a 3rd December 1872. complete Abstract of the Accounts of the Provincial and Local Receipts and Expenditure in the Punjab in 1872-73 may be submitted as soon as possible

2 A complete Abstract is accordingly herewith submitted for the year 1871-72, it being assumed that 1872-73 in your letter is a misprint, no complete Accounts for that year being available

3 His Excellency in Council further desired to be favoured with the matured opinion of the Lieutenant-Governor on the general operation of the System of Fixed Allotments of Imperial Revenue for Provincial Services introduced by the Resolution No 3334, dated 14th December 1870, together with any suggestions which His Honour might wish to offer, as to any modification or extension of the system

4 On the 20th of March last, in reply to a question from the Government of India, I conveyed by telegraph the opinion of the Lieutenant-Governor that, although too short a time had then elapsed to allow a decided opinion to be given, His Honour believed that there was nothing to show that the System was working other than satisfactorily

5 The Accounts for 1871-72 having been now closed, there are available more reliable data upon which to pronounce an opinion

6 The general results of that financial year were summarized in Resolution of the Punjab Government, No 719, dated 18th June 1872, a copy of which is herewith forwarded for convenience of reference

7 In this Resolution each Head of Income and Expenditure was separately treated, and the reasons for any considerable increase or diminution on either side of the Account recorded

8 The figures of that Resolution differ somewhat from the Abstract of Receipts and Expenditure which is herewith forwarded, and which is compiled from the Accountant General's final Accounts received later

9 The differences from the results anticipated in the Resolution are, however, trifling, with the exception of Public Works Expenditure, in which there is somewhat over a lakh of increase

10 This increase is satisfactory, for the low estimate of the Resolution was only based on the fear that it would not be practicable to expend the Allotment to the Public Works Department for 1871-72 owing to inadequacy of establishments and non-collection of material

11 The Lieutenant-Governor is of opinion, after a careful review of the operations of the past financial year, that the System inaugurated by the Government of India Resolution No 3334 has worked, on the whole, successfully

The decentralization system has worked successfully

12 The large Surplus of Income over Expenditure during the past year, amounting to 10½ lakhs, does not show that the Government of the Punjab has more funds at its disposal than it has works on which to expend them, but only that, in the first year of working the new arrangements, it was impossible to raise suddenly the working staff to a scale proportionate to the requirements

13 The one point in the Decentralization Scheme sanctioned by the Government of India which the Lieutenant-Governor considers may be modified with the utmost advantage is that which makes the Allotments from Imperial Revenues for Provincial Services fixed, instead of fluctuating with the increase or decrease of Provincial requirements

The fixed character of the Provincial allotment is a blot in the scheme which would be removed by

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PUNJAB GOVERNMENT,
3rd December 1872

granting to each Local Government a percentage of the general revenue of the Province

14 The arguments which have justified the grant of Fixed Allotments have never commended themselves to His Honour's judgment, and, although the Government of India have prevented the Punjab Government from being crippled in its action by Special Legislation authorizing the imposition of a Local Cess which has proved, for the first year, amply sufficient to meet the wants of the Administration, yet he still is compelled to consider the system of Fixed Assignments as unnecessarily rigid

15 The Lieutenant-Governor is strongly of opinion that the Grant from Imperial Revenues for each Head of Provincial Services which His Excellency the Governor General in Council has been pleased to make over to the control of Local Governments and Administrations should be modified, each year, in proportion to the increase or decrease which the statistics of the year show to be reasonable and necessary

16 In the great majority of the Departments which have been made over to Local Governments the expenditure is for the most part compulsory. The necessary cost of Jails, Registration, Police, Education, and Medical Services is susceptible of but very small diminution, even under the most economical administration, while the claims to increased expenditure are becoming, each year, more strongly urged and more difficult to resist

17 It would be easy to show the manner in which the Departments named in the last paragraph must be expected to develop, especially in a Province which has been under British administration for, comparatively, but a short time, but His Honour does not believe that this is necessary. The argument drawn from the increasing wants of the Province has been already placed before the Government of India, and the decentralization of certain departments seems to have been carried out, in part, with the object of imposing a limit to expenditure which, however advantageous, was growing far more rapidly than the Imperial Revenue, and the increase of which could not be met from that source any longer.

18 His Honour the Lieutenant-Governor would point out that the Grant to the Local Government of a percentage on the General Revenue of the Province would seem to limit the demand on the Imperial Treasury for Services now made Provincial in as complete a manner as the Grant of Fixed Assignments. The Government of India would know, as exactly as at present, the demands made upon them, and these would not increase in any greater ratio than the General Revenues of the Country. No greater temptation to extravagance would be created, indeed, His Honour believes that allowing to Local Governments a percentage on the General Revenue would be a strong inducement to economical administration, and would encourage the development of all existing sources of Income.

ODDH

CHIEF COMMISSIONER,
10th December 1872

I am now directed to submit the statements and opinions called for in your letter No 2017, dated 17th August 1872

2 The Officiating Chief Commissioner has already recorded his opinion with respect to the Income Tax in his communication to the Department of Agriculture, Revenue and Commerce, No 3983,* dated 19th November last

For the reasons therein assigned, he is of opinion that the land should be relieved from this burden. And, although he sees no objection to the Tax being maintained at its present incidence on the other Classes of the Community, he thinks it is, in principle, unsuited for the purposes of this Empire, because it can neither be imposed nor enhanced without causing a vast amount of public crime in the shape of lying, perjury, and forgery

The great majority of the land owners regard the enhancement of cesses under Act XVII of 1871 as a direct breach of faith

3 It is true that fifteen talookdars yielded a reluctant assent to the imposition of the tax raised under the Oudh Local Rates Act,—Act XVII of 1871,—and that they expressed a hope that the remainder of their Body whom there was not time to consult would do so also. But the Officiating Chief Commissioner believes that hope has not been realised, and that the great majority of the land-owners who had been given to understand that the demand of the State had been fixed, once for all, at 51½ per cent on their gross rental, regard this additional demand, which is levied with, and in all respects in the same manner as, the Land Revenue, as a direct breach of faith

CHIEF COMMISSIONER,
January 1873

In forwarding to you copy of a telegram this day despatched to your address in reply to yours of the 20th instant, I am directed by the Officiating Chief Commissioner to state that of the Abstracts for 1871-72, called for in Financial Department No 2019 of the 17th August last, that referring to Provincial Accounts has already been submitted with this office No 5305 of the 17th December

2 The Accounts connected with the Local Receipts and Expenditure, as already reported in the above letter, have not, as yet, been received from the Accountant General, North-Western Provinces, but that officer has again been addressed by telegram to submit the same direct to you

The decentralization scheme has generally worked well

3 I am to add that, under the circumstances, all the Officiating Chief Commissioner can say is that, in his opinion, the Decentralization System has, generally, worked well, and, if the provisions of the Resolution No 3334, dated 10th December 1870, be strictly observed on all sides, he thinks it would be premature to modify or extend it at present

CENTRAL PROVINCES

CHAPTER XII.

CHIEF COMMISSIONER,

BOMBAY,

27th November 1872

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6 Mr Jones aptly introduces the subject with a few remarks on the cause of the uneasiness and perturbation that have, of late years, possessed the people, and he traces this to an abandonment of ancient traditions and to an unwise imitation of English financial and other institutions. He quotes Lord Salisbury's condemnation of the Budget Speech with the excitement it annually produces, and there can be no question that the Financial Member's Annual Statement is anxiously looked forward to by numerous classes of Natives as well as Europeans, and is widely commented on in the Vernacular as well as in the English Press. The Chief Commissioner must range himself on the side of those who think that the fictitious importance which has, of late years, been attached to the Exposition of the financial condition of the Country, and to the announcement of the sums which Government proposes to raise, by taxation, during the ensuing year, has been productive of evil. The Natives of the Country are opposed to change, their customs come down from time immemorial, they are content to go on as their fathers did, to pay the taxes always paid by the class to which they belong, but they regard a new tax with apprehension, and of Foreign Rulers they are naturally suspicious. Why, then, should we make them fearful of a yearly change, keep them in a continual state of excitement lest a new year should bring forth a new tax, and mistake their feverish excitement for healthy interest in the affairs of the Country?

Yearly budgets, and the dread of new taxes as their accompaniments are productive of evil among a people who regard new taxes with apprehension and their foreign rulers with suspicion.

7 It is undoubtedly true that by the prominence we give to the Financial Statement, we force upon the people's attention the one among the many functions of Government that is most unpalatable to them. We give them, and can give them, as yet, no voice in the expenditure of the taxes raised, neither can we leave it to them to determine the amount that shall be raised by taxation. Under the circumstances, then, it would surely be best to raise our taxes in the way that would encounter least opposition and create least discontent, and conceal from the people, as much as possible, the amount that they actually pay. To flourish this as it were in their faces, is gratuitously to court dissatisfaction. But, besides the annual discussions on the Budget, the Decentralization Scheme of 1870 was the cause of much speaking and writing about taxation. Most of the Local Governments were obliged to supplement the smaller Allotments made to them from the Imperial Treasury by new taxes or by increasing the weight of the old ones. It could scarcely be but that this general discussion of new taxes should have had an effect on the popular mind, and a striking instance of this effect was afforded in these Provinces, and that, strange to say, in the very remotest part of the Province. In the end of the year 1870, the attention of the Chief Commissioner was called to a considerable emigration of the Koi population from the Upper Godavari District. The Kois are a tribe of the Gonds who are believed to be the aborigines of that part of India, and are very wild, shy, and uncivilized people. It was established, by inquiry, that a considerable number had emigrated, across the river, into the Nizam's Dominions, and one of the causes of their emigration was distinctly stated to be the fear of the Income tax. Not a single Koi had, however, ever been assessed to Income Tax, and not an individual of the tribe would ever have become liable to it. An unreasoning fear of taxes had taken possession of them, and vague rumours had induced them to place themselves beyond the reach of the tax. What the Chief Commissioner is concerned to establish is, that there may be discontent and dissatisfaction, the indirect, and not merely the direct, effect of taxation. We may have taken but an exceedingly small sum from the people by our new taxes, which may have fallen directly on a very restricted class, but we have spread uneasiness and alarm among numerous classes who have had no new burden imposed upon them, and this apart from the nature of the taxes that we have selected.

Cites the emigration of a tribe to the Nizam's dominions, under groundless apprehensions of income tax as showing that there may be discontent and dissatisfaction as the indirect and not merely the direct effect of taxation.

* * * * *

32 Connected with the land are the various Cesses on the Land Revenue. The only one which has been remarked on particularly is the Road Cess, and that by Captain Ricketts. He does not pretend that this Cess is a source of discontent, but he says that, from inquiries he has made, from time to time, he thinks "most proprietors entertain the belief that they get no adequate return for their Road Cess."

The Road Cess is levied for the purpose of keeping in repair the roads that lead from village to village. The Cess itself is 2 per cent on the land revenue, and is quite inadequate to the demands that might be made on it. It would never suffice to make good roads. At present, the proprietors pay their Cess, and have no more to do. "But," says Captain Ricketts, "the liability of the village proprietor or the village community (as the case may be) might, I think, be more strictly enforced, or if not that, at any rate their interest should be enlisted in favour of maintaining roads." He ends by saying "it would be cheaper and better in the end, I think, for Government to do away with the Road Cess altogether, and insist, instead, upon all villages keeping Roads and Communications, each within its own limits, in proper order."

No doubt it would be cheaper to do so, for the Road Cess is quite insufficient for the purpose, and the poorer the Country, the sparser the population, the fewer the villages, the more need of money for the purpose, but the Chief Commissioner hardly thinks that Captain Ricketts' plan would commend itself to the landlords themselves, or that they would thankfully take up the greater burden, in order to be rid of the lesser. Captain Ricketts' remarks are rather the complaint of the District Officer whose roads are not so good as he thinks they ought to be, and who would like to see them improved. The Chief Commissioner has only touched on the subject, because Captain Ricketts had alluded to it, but he feels able to assert that the Cesses on the Land Revenue are not the cause of any discontent.

CHAPTER XII

CENTRAL PROVINCES,
27th November 1872

The income tax
might be transferred
to Local Govern-
ments

Chief Commissioner
concurs with the vari-
ous officers that no
new taxation or in-
crease of taxation
should be thought of

The less a country,
governed by foreign-
ers and not by the
will of the people,
feels taxation, the
better for its govern-
ors

39 The various points on which opinions were asked have now been separately treated of, and it remains only to state, once more, briefly, the conclusions that have been arrived at. We have, in the Central Provinces, no tax which causes serious or active discontent. The Income Tax is disliked, and is particularly resented by one Class, which political economy would urge us to tax, and policy would recommend us to spare.

The Provincial Income Tax, or Pindhri, does not touch this class, but presses severely on small incomes, and has all the disadvantages that a direct tax can have. If the Imperial Exchequer can forego the proceeds of the present Imperial Income Tax, the Chief Commissioner proposes to use it with the Provincial Income Tax or Pindhri, to change its character and make it a Tax on Trades and Professions only. The discontent caused by both the taxes would, by this means, be almost entirely, if not wholly, removed.

The Chief Commissioner concurs with the various officers, whose opinions have been obtained, that no new taxation or increase of taxation should be thought of, and he thinks that we must look to the expansion of the sources of our present revenues for any increase we may require. The Land Revenue must, always, remain our greatest standby, and Mr Morris fully agrees with Mr Pedder and Mr Jones, that we must watch it carefully and take for Government a full measure of the enhanced value that land acquires, irrespective of the notion of landowner or occupier. Our present settlements are made for 30 in some Districts, and in others for 20 years. Until the settlement expires, it is impossible to take more from the land directly, and when the next settlement has to be made, it may be a question whether it should be made for so long a time as 30 years.

We have not yet come to entertain the idea that India is capable of self-government, and it may, then, be allowed us to study more particularly what may be considered the converse of the above proposition, that the less a Country, governed by Foreigners, and not by the will of the people, feels taxation, the better for its governors. We cannot admit the people of India to a voice in the expenditure of public money, and, so long as we cannot afford to do so, we may as well conceal from them the amount which they, individually, contribute to the support and maintenance of a Government which may study their welfare, but does not consult them concerning its Measures.

We shall be doing all we can to consult their wishes in matters of Taxation if we steadily adhere to their ancient forms of levying taxes and avoid the introduction of new imposts. Constant change, from year to year, is not desirable in matters of taxation any more than in other matters of administration, and, already, complaint is beginning to be heard in England that finance is becoming too unstable. The rate of a duty is being continually altered and, in every new Budget, something new and strange is looked for. Ingenuity and inventiveness are the great virtues looked for in a Finance Minister or Chancellor of the Exchequer, and want of invention has been the charge generally brought by the English public in India, against recent Budgets and their framers. But India does not want an ingenious financier, and to pursue the old beaten path is preferable to striking out new ways. Least of all, should we go to England for lessons, for we could scarcely go to any Country where circumstances are more dissimilar.

CHIEF COMMISS-
SIONER,
13th January 1873

I am directed by the Chief Commissioner to give his opinion on the general working of the system of Fixed Allotments of Imperial Revenue for Provincial Services introduced by Government Resolution No 3334, dated 14th December 1870. The Chief Commissioner desires to be as brief as possible, for the subject has been so generally discussed, and has been incidentally referred to on so many different occasions, that the Government of India can scarcely be in doubt that the measure has been considered a most successful one by all Local Governments and Administrations. The only superior Executive Officer in the Commission, who, from experience of the working of the system was fully competent to give an opinion regarding it, was Mr Jones, Officiating Commissioner of the Narbada Division, who, as Secretary to the Chief Commissioner, had a share in carrying the Government Resolution into effect, and watching its results. He has favoured the Chief Commissioner with his views on the subject, and they agree almost entirely with those which Mr Morris himself takes. By annexing, therefore, a copy of Mr Jones' paper to this letter, the Chief Commissioner can spare himself the trouble of repeating, in slightly different language, very much of what Mr Jones has said. He will only endeavour to record succinctly the advantages that he thinks have been gained, and the direction in which he would wish to see the system extended.

The system of pro-
vincial funds has suc-
ceeded

2 There can be no question that the freedom of action given to Local Governments in their administration of certain Departments has been conducive to economy in the Administration. Not that less public money is spent on those Departments, but the money is used to better advantage. Minor changes and modifications are introduced, and made as soon as their benefit is clearly apparent, and no long delays and explanations are the necessary preliminaries of every trifling change.

3 The Government of India, again, has been relieved of the duty of control over matters of detail on which it cannot form an opinion nearly so well as the Local Government, and, in ceasing to exercise functions which, from its remoteness and necessary want of acquaintance with the local peculiarities and wants of each particular Province, it was unable properly to perform, it has acquired the leisure to consider and direct, more effectually, the interests of the Empire as distinguished from those of any one Province.

Much relief has also been afforded to Local Governments by the lessening of correspondence that followed, as a consequence of the increased powers conferred, and not only have the provincialized Departments benefited by this, but every Department of the public service

CENTRAL PRO
VINCES,
13th January 1873

The fixed amount of the assignment is, however, a blot in the system

The people cannot be made to contribute more than a certain amount in the way of taxes, whether the taxes be imperial provincial, or local rates or cesses. Provincial taxation on a large scale must always affect the revenue from imperial taxes.

All revenue less a portion for meeting imperial charges, should be made provincial

Opinion of Chief Commissioner

As it will be impossible to impose additional taxation without causing serious discontent, and as the expenditure of some departments must grow the Local Governments should be allowed some heads of revenue or to share in the growth of revenue

4 In so far then as the system introduced is one of Decentralization only, the Chief Commissioner believes it to be altogether good

But the way in which the system is worked is not, in the Chief Commissioner's opinion, perfect. The Supreme Government has made over to Local Governments the complete control of certain important Departments, and has assigned, for the maintenance of these Departments, a certain fixed amount which is not to vary. If any additional money is required, it must be raised by Provincial Taxation. No assistance is to be looked for from the Imperial Sources of Revenue. This condition appears seriously to detract from the value of the Scheme. It is almost certain that, from year to year, more money will be required for the Provincialized Departments, and if the Imperial Allotments now suffice, they will not suffice in a few years. As a matter of fact nearly every Local Government has been driven to immediate additional taxation. Why should not Local Governments derive any benefit from the natural increase of revenue from those sources which have been reserved as Imperial? An attempt has been made to draw a distinction between Imperial and Provincial Taxes. Mr Jones, in his letter, shows the fallacy of this, in so far as the tax-payers are concerned. It is impossible to distinguish the one from the other. The whole of a Province contributes to an Imperial Tax, the whole Province in the same way contributes to a Provincial Tax. The people are not more willing to pay the one because it is Provincial, and the proceeds of it can be applied at the will of the Provincial Government, or less willing to pay the other because it is Imperial and the Revenue it brings in is at the sole disposal of the Government of India. What object, then, is gained by drawing the distinction? No reason can be assigned for declaring all the taxes existing at the time of the Resolution of December 1870 to be Imperial. It is not that there is anything Imperial in their character, it is not that the taxes are all of the same nature, or taken in the same way in every Province, it is not that the administration of the taxes will not remain with the same officers, who will assess and collect the Provincial Taxes. The people of a Country cannot be made to contribute more than a certain amount in the way of taxes, whether the taxes be Imperial or Provincial, or in the shape of Local Rates or Cesses. Anything taken under one name leaves less to be taken under another. Provincial Taxation on a large scale must affect the revenue from Imperial Taxes.

5 Supposing a Local Government to raise any considerable revenue by direct or indirect taxation, the people will have less money to spend on luxuries, and the Imperial Taxes on luxuries, such as the Excise Tax, will prove less remunerative. To the Chief Commissioner it appears dangerous to draw any distinction between taxes which are general in their nature, affecting an entire Province, and he cannot, therefore, consider sound the principle of giving Local Governments Fixed Allotments for the support of provincialized Departments and leaving Local Governments to provide for additional expenditure in those Departments, by additional taxation. Supposing more Departments to be made over, the difficulties of Local Governments would increase and, yet, the Chief Commissioner believes that great administrative advantage would be found in carrying the Decentralization of Departments still further than it has gone. If, for instance, the Revenue and Judicial Departments were placed under Local Governments in the same way as the Police and Jail Departments, the Chief Commissioner is convinced that great convenience would be the result, and that greater efficiency would be attained. The Supreme Government would, still, retain its control over the higher appointments, and there would be more danger in entrusting these Departments to Local Governments than those which have already been made over. The smaller Departments would naturally follow, and the Supreme Government would retain only the direct control over those Departments which, from their nature, are Imperial and could not be placed under one Local Government, as their sphere extends beyond the confines of any one Province, such as the Customs Department, the Opium Department, the Sea Customs, &c.

6 But if this were done (and it would be no more than an extension of the system already introduced), it would almost seem necessary to adopt nearly the exact converse of the plan on which the Allotments for Provincial Services are made. Instead of each Province receiving a Fixed Allotment from Imperial Revenues for Provincial Purposes, all Revenue derived from departments, other than those under the direct control of the Supreme Government, would be Provincial Revenue, and out of this Revenue, an Allotment would have to be made for Imperial Purposes. The Government of India would take from each Province a certain portion of the Revenue raised in it and would leave the rest to be applied to Provincial Services. The Imperial and Local Governments would, thus, share, equally or proportionately, in any increase of Revenue that might accrue, and additional taxation would be resorted to when either Imperial or Provincial necessities demanded it. It would, no doubt, be a matter of difficulty to determine how much, or what share, each Province should contribute from its Revenues for Imperial uses, but this is a difficulty that could be overcome, as it can be estimated what each Province now contributes to the maintenance of the Departments that will remain Imperial.

7 It may be, however, that the Government of India is not prepared, as yet, to take so great a step, and the Chief Commissioner, feeling how impossible it will be to impose additional taxation without causing serious discontent, and knowing that, in spite of every endeavour to enforce economy, more money will have to be spent on the Police and Education Departments (to mention only two out of several growing Departments), and that this will be impossible without reducing still further the already reduced expenditure on Public Works and Local Improvements (whereby the progress of the Country would be seriously impeded), would ask that instead of a Fixed Allotment from the Imperial Revenues being given for all Provincial Services, either some source of Revenue, such as the Excise or Stamps, be made over to him in

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lieu of a portion of the Fixed Allotment, or that the Provincial Services be allowed to share with the Government of India in any increase of Revenue from existing taxes. Either plan would serve the purpose, and the Chief Commissioner thinks His Excellency in Council will not fail to recognize the difficulty in which local Governments are placed at present.

8 The Chief Commissioner wishes in conclusion only to touch on the subject treated of by Mr Jones in paragraph 10 of his letter, viz, how to extend Local Taxation, by which he means taxation raised by Local Boards in Local Circles. The actual matter discussed by Mr Jones is, how to introduce into the Country Local Self-government, and while Mr Jones insists on the fact that any measure of the kind must be of very slow growth, Mr Morris cannot deceive himself so as to think that the Central Provinces are ripe for such an experiment. The mass of the people are not sufficiently educated to be left to themselves, to determine for what purposes taxes or rates shall be raised and how they shall be expended. It is but a few years that we have made a beginning with Municipalities. Even they require looking after, and until Municipal Government has proved itself a success, it will not do to extend the field of the experiment. The Chief Commissioner fully appreciates the value of consulting native opinion, enlisting native sympathy, and associating Natives with Government Officers in carrying out improvements and reforms, but he thinks an experiment, even of this limited kind suggested by Mr Jones, would for the present be hazardous.

W B JONES, ESQ.,
OFFICIATING COM-
MISSIONER NARBADA
DIVISION,
22nd December 1872

I have the honour, in reply to your letter No 3145-162, dated 3rd September last, to offer my opinion on the working of the Scheme of Provincial Fixed Allotments introduced by the Resolution of 14th December 1870.

2 The objects of the Resolution may be briefly stated as follows —

- (1) —To give increased freedom of action to Local Governments in certain departments of administration, and to enlist their interests on the side of economy.
- (2) —To avoid conflict between the Supreme Government and Local Governments competing for grants for objects the relative importance of which the Supreme Government could not always justly estimate.

(3) —To assert and give effect to the principle that the "Imperial Government will no longer continue to provide from Imperial Funds the means of carrying out works of local improvement throughout India, and that if more local roads, schools, and hospitals and other useful works of local importance are required, they must be provided from Local Resources and not by General Taxation."

Mr Strachey's speech—Supplement
to the *Gazette of India*, March 18th,
1871

- (4) —To invite Local Governments to provide by Local Taxation for part of the charges of the nine transferred departments hitherto borne by Imperial Revenue, and also for the anticipated increase of the charges of these Departments in the future.

- (5) —Lastly, it was provided that the operation of this Resolution would "provide opportunities for Local Self-government, for strengthening Municipal Institutions, and for the associating of Natives and Europeans, to a greater extent than heretofore, in the administration of affairs."

3 The first of the objects enumerated in the preceding paragraph has, I believe, been most fully attained. The new system has not been in working long enough to produce all the effects which may be expected from it, but we have already reaped this signal advantage, that applications for new expenditure are considered by the Administration on their merits only, whereas, formerly, the probability of their acceptance by the Supreme Government was the first thing regarded. True economy has been undoubtedly promoted by the change. Charges in the transferred Departments have not, perhaps, diminished, but the economy which is derived from the most advantageous distribution of expenditure, is now, for the first time, completely within reach.

4 The effect of the Resolution considered with reference to the 3rd and 4th of the objects enumerated in paragraph 2 is not, I venture to think, quite so satisfactory. Admitting the principle laid down in the third Clause, and admitting, also, that Local Governments may have been too little disposed to allow due weight to fiscal considerations, I deny entirely that there was any reason to assume that they had been indifferent to the development of Imperial Revenue, or that they would find means to raise unobjectionably under the name of Provincial Taxes what they would not have raised for the Imperial Treasury. I infer that it was a serious defect in the Decentralization Scheme that it compelled Local Governments to initiate new taxation.

5 In proof of the assertion made in the preceding paragraph, I would ask whether any Administration could have given stronger evidence of its anxious desire to develop the quatum it contributed to the Imperial Exchequer than was afforded by the Administration of the Central Provinces, by the various proposals (such, for instance, as Sir Richard Temple's proposal to introduce a Tobacco Tax, and the proposals subsequently made for increasing Excise Revenue) which it, from time to time, submitted for increasing its Revenues, and especially by the measures which it adopted with a view to revise and extend the *Pandhri Tax*. I have no doubt that other Governments could make out an equally strong case, and I would, therefore, submit that whether or not a charge of extravagance might have been brought home to Local Governments, the imputation of having neglected opportunities of increasing Imperial Revenues was quite undeserved, and that, accordingly, there was no sufficient reason for believing that the amount cut from an Imperial Grant, already reduced to a minimum, could be, forthwith, made up by Provincial Taxation.

Local Governments
have not been indif-
ferent to the develop-
ment of imperial re-
venue

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CENTRAL PROVINCES
13th January 1873

Dissents from the idea that provincial taxation is less distasteful to the people or less dangerous to ourselves than imperial taxation

The sole distinction should be between imperial or provincial and local taxation the latter being held to denote a tax which is raised for an object producing direct, visible and immediate benefit to the tax payer

Increase of stamps and excise revenue might be made over to Local Governments

6 I would take this opportunity of expressing my dissent from the idea which appears to underlie the Government Resolution that Provincial Taxation is less distasteful to the people or less dangerous to ourselves than Imperial Taxation. I see, of course, that a single tax extending all over India is more open to objection on political grounds than half-a-dozen taxes in as many Local Governments, but there is no reason why Imperial Taxes should be continental in their range. A Finance Minister in Calcutta devising a new taxation would look to the local peculiarities of the various parts of the Empire quite as much as Governors of Provinces,—the lately raised Provincial Taxes might have been levied, equally well, under the name of Imperial, and I would, therefore, submit that, outside the office of the Accountant General, there is no difference between an Imperial and a Provincial Tax, and that we shall be throwing dust in our own eyes if we permit the idea of such a distinction to appear in discussions on questions of taxation. The sole distinction which I would recognize is between *Imperial or Provincial Taxation* on the one hand and *Local Taxation* on the other, and in making this distinction I would restrict the term Local to its narrowest and strictest sense. I would define a Local Tax as one raised for an object producing direct, visible, and immediate benefit to the tax-payer. Unless these conditions are fulfilled, a Tax, by whatever name it may be called, should be regarded as Imperial and nothing else.

7 Returning from this digression, I would proceed to state that, while I regard the Resolution as open to objection, in as far as it compelled Local Governments to *immediate* new taxation, I recognize fully the justice, or rather the necessity, of the principle laid down by the Government of India, that, *in the future*, increased charges in the transferred Departments shall be chiefly met from Local Resources. I see clearly that, unless this principle is affirmed, there is no hope that the funds required by the advancement of the Country will be forthcoming, and I also look to the development of Local Taxation and administration for the attainment of the political and social results which, in the 23rd para of its Resolution the Government of India proposed to itself to attain. Nevertheless, I would submit that Local Governments may, not unreasonably, ask, that *for some years, and until Local Taxation has had time to make its way*, they may not be flung entirely on their own resources, but may be allowed to share in the progressive increase of Imperial Revenue. In his letter the late Officiating Chief Commissioner advocated the surrender to Local Governments of the Revenue of some given Department (Colonel Keatinge suggested Abkaree), on the ground that the measure would tend to enlist the interests of Local Governments in the development of the Income of the Department. I would support this recommendation, but I would venture to do so on different grounds. I do not think that Local Governments require any stimulus to improve the Revenue of the Territories they administer. I believe that all that is possible and proper, in that direction, is already done, but believing, as I do, that so-called Provincial Taxation is, I may almost say, a dangerous fallacy, and seeing that Local Taxation will be a *plant of slow growth*, I would urge that, for some time to come, the Supreme Government should not quite abandon Local Governments, but should not continue to aid them as its means permit.

8 What may be the most convenient mode of giving assistance, and how the amount of aid to be granted to each Government may be most fitly measured, are points of detail of comparatively little importance. It will, probably, be found advisable to surrender part of the Revenues of certain particular Departments, and among the Departments the revenues of which might conveniently be made over to Local Governments I would suggest Stamps and Excise as the most suitable. In many young Countries the income of waste lands is specially appropriated for the development of communications, but in India there would be some risk in following this example. It ought not to be too much the interest of any Local Government to raise its Forest Revenue. Stamp and Excise Revenue, on the other hand, are, to a much less degree, dependent on administrative arrangements, and, with a few reservations, it may be said that increase under both, so far as it results from administrative arrangements, is an unmixed advantage.

9 With regard to the manner in which the surrender should be made, I would recommend that, with a view to ensure stability in Imperial Finance, a certain minimum Stamp and Excise Revenue should be fixed, the whole of which should belong to the Imperial Exchequer, and that the sum by which the income of any year might exceed the minimum should be allotted to Local Governments, or if this would involve too great a sacrifice, should be divided between Imperial and Local Governments.

10 The problem how to extend Local Taxation is one which demands our most careful consideration. Towns large enough to be erected into Municipalities are already provided for, but the moment we get outside such towns, our difficulties begin. The average village is too small to serve as the unit of local organization, and our whole policy, for many years, has been directed to the effacing of the local sub-divisions, Parganas, Thanas, Toppas, &c., into which villages were arranged under former Rulers. We have also pensioned off, at great expense to ourselves, the Quinquangs, Desmukhs, and Chaudhries, &c., who were the representatives of the people, dwelling within those Sub-divisions.

Our centralizing policy has certainly added to the difficulty of introducing Local Taxation, and has also deprived us of a convenient machinery for expending the funds which Local Taxation may produce.

Municipalities apart, the very first steps towards Local Taxation have still to be taken. It is true that Patwaris and their Cycles offer a good instance of the kind of organization which we have to spread over the Country, that police Cycles are ready to hand, and that Local Jurisdictions have, recently, been fixed, for purposes of Vaccination and Registration of Vital Statistics, but the problem we have now to address ourselves to is, how to fix and harmonize these

CHAPTER XIII.

SOME MINUTES AND NOTES IN THE FINANCIAL DEPARTMENT OF THE GOVERNMENT OF INDIA, SINCE THE INTRODUCTION OF THE SCHEME OF PROVINCIAL FUNDS

Minute by His Excellency the Viceroy (LORD NAPIER of Merchistoun).

CHAPTER XIII
LORD NAPIER
OF MERCHISTOUN,
3rd May 1872

Before terminating my connection with Indian administration, I desire to leave upon record an expression of my sentiments regarding a question which occupied a large share of the attention of the late Viceroy, and which possesses a deep and durable interest for the Subordinate Governments of India

The institution of Fixed Provincial Assignments in several of the Civil Departments of Government was a positive and fruitful benefit to the Government of India and to the Subordinate Governments. The former was relieved of onerous duties, incessant claims, and vexatious conflicts, without the sacrifice of superior control, the latter were invested with new prerogatives which, directly or indirectly, prompted, or enabled, them to prosecute, with increased interest and confidence, many useful improvements regarding Roads, Popular Education, Sanitation, the diffusion of Medical Relief, discipline and labor in Jails, Civil Buildings, Local Administration, and the like, while, at the same time, they were stimulated to economy, and were placed in more honorable and harmonious relations with the Supreme Power.

The measure of success which has attended this project, contemplated in some shape or other by the Government of Sir John Lawrence, but first defined and carried out by the Earl of Mayo, may be regarded as satisfactory. The object of my present remarks is to point out how that success may be confirmed and expanded.

The plan followed by the Government of India in the introduction of Fixed Provincial Assignments was practical and prudent, at the time, but it involved some injustice, and it is susceptible of development.

In fixing the amount of these Assignments, the Government of India simply accepted the financial basis as it stood at the moment. They gave to each Province the amount of appropriation which it received in the previous year, making, for the purpose of imperial economy, a small deduction from all. This settlement had the advantage of eluding opposition and securing promptitude, it avoided all thorny discussions. The Governments which had been favored before were favored still, the Governments which had been unfairly apportioned, were not proportionally worse off than they were before, they were anxious to secure a real, though imperfect, benefit, they were not excluded from the hope of future increase. Rather than imperil a good Scheme by pertinacious controversy, they maintained a prudent, I might say a patriotic, silence, but this silence could not be maintained for ever.

The Appropriations of Imperial Revenue, under the Heads of Expenditure now included in the category of Provincial Services, before the institution of the new system, were in some degree unsettled and arbitrary. They had been made without much reference to the Revenues or the Population of the Provinces concerned. Some parts of the Empire had been more advanced, intelligent, ambitious and enterprising than others, they got much, because they asked much, and it must be allowed that, in some respects, they deserved what they got. Other parts of the Country were rude, backward, or lately reduced to submission: they got much because they needed much, because they had a claim on the fostering care of the Government of India, which recognises that conquest has its duties, as well as its rights: nor were, perhaps, the reminiscences and attachments of men in power without influence.*

I do not wish to dwell upon matters which might raise dispute. Whatever were the causes at work, the result is patent to all: the re-partition of Imperial Revenues was unequal, and, in my humble judgment, even then, unjustifiably unequal.

In order to illustrate this assertion, I submit a short return, drawn up in the Financial Department, showing, at a glance, the Provincial Assignments of Imperial Revenue contrasted with the Revenues of the several Provinces in the year 1870-71, and their estimated Population†

From this table it appears that the Provincial Assignments vary, having regard to the Revenues of the several Provinces from 10 355 per cent on the amount of Revenue, in the case of Madras, to 31 679 in the case of Burma.

The aggregate amount of Assignments yields a percentage on the aggregate amount of revenue of 13 853. If this normal percentage be compared with the percentages actually awarded to the several Provinces, the Provinces fall into three distinct groups, one of which is greatly favored, one of which is unjustly depreciated, while the third holds a middle and equitable place. The favored group embraces the Punjab, Bombay, the Central Provinces and

* It is remarkable, however, that Oudh, though a recent acquisition, has been parsimoniously dealt with, especially if we regard the amount of its population.

† The returns of population are, in several instances, hypothetical. The population of Bengal will, it is expected, prove to be considerably above the figure here given. Bombay is also, probably, under the truth.

The Revenue is given, for obvious reasons, without Customs and Opium. It may be remarked that a deduction should be made from the Salt revenue of Madras and Bombay on account of Salt consumed in Native States, but I have not gone into an analysis of this matter, my object being merely to present the question in its general features, with approximate accuracy.

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Burmah, the neglected group consists of Madras and the North-West Provinces, while Bengal and Oudh approach the proper standard

Leaving the Central Provinces and Burmah out of consideration, a fair appreciation of the disparities which exist in the treatment of the old established Provinces of the Empire may be obtained by comparing the Assignments awarded to Madras, the North-West Provinces, and Bombay. The North-West Provinces have, approximately, the same Revenue as Bombay, but the former receives an Assignment of £635,000, while the latter has one of £901,200.

The Revenue of Madras exceeds that of Bombay by £1,324,531, but the Assignment to Bombay exceeds that awarded to Madras by £148,900.

The percentage on Revenue received by the North-West Provinces in the form of a Provincial Assignment is 11.241, the percentage received by Madras is 10.355, the percentage received by Bombay is 15.172.

If we turn from Revenue to Population, the inequalities indicated above become still more marked. For every hundred inhabitants Oudh receives in the form of a Provincial Assignment £1.886, while Burmah receives £1.735. If the old Provinces of the Empire are contrasted, Madras, the North-West Provinces, and Bengal stand, approximately, on the same footing with something more than £2 per hundred inhabitants, while Bombay receives upwards of £6 for the same number.

The inequalities of apportionment which characterise the Provincial Assignments in the aggregate are, of course, equally manifest in detail. If the Appropriations to particular Heads of Service are examined, many striking disparities are disclosed.

Bombay receives for Education an Assignment of £118,271, and for Civil Buildings £107,500. Madras, with a greater Revenue and twice the Population, receives for the same purposes, respectively, £90,052 and £58,506.

Bengal, with a Revenue of £8,705,501 and a Population of 50,000,000, receives for Roads and Public Improvements £157,800. Bombay, with a Revenue of £5,939,835 and a Population of 14,000,000, receives, under the same Head, £121,000.

The North-West Provinces, with a Revenue of £5,617,000 and a Population of 30,000,000, obtain for Roads and Public Improvements rather less than the Punjab with a Revenue of £3,405,000 and a Population of 17,612,000.

Examples might be multiplied, but enough has been adduced to illustrate the argument.

In adopting the existing state of Appropriations in 1870 as a basis for Provincial Assignments the Government of India acted judiciously, but they might have done so with some reservation for gradual rectification. I confess that I think that they committed an error in affirming that those Assignments were only to be subject to reduction in the case of a great public emergency. It would, surely, have been wiser to have affirmed the gross amount to be permanent, and to have made some provision for re-distribution.

If it be admitted that the existing system embodies in many elements of injustice and many causes of dissatisfaction, and that an attempt should be made to remedy these defects, it becomes important to ascertain how the Government of India can best revert to an equitable system of repatriation which would, eventually, be conformable to the rights and interests of all.

An approximate uniformity might be attained by raising the lower rates to the level of the higher, or by reducing the higher to a medium rate, at which all might be made to meet.

In framing a project for raising the lower rates of Provincial Assignments to the level of the higher, it would be necessary, of course, to leave Burmah and the Central Provinces out of consideration. It would be enough to adopt the rate of 15 per cent as a standard—the rate, at present, approximately enjoyed by Bombay and the Punjab. If the Provincial Assignments of Madras, the North-West Provinces, Oudh and Bengal could be raised to 15 per cent on their respective Revenues, such a settlement would, of course, be perfectly satisfactory to those Governments, perfectly consistent with the declarations of the Government of India, and obnoxious to no opposition on the part of the Provinces at present occupying a favored position. But to raise the Assignment of the four Provinces mentioned above, to the Bombay and Punjab rate would involve a new appropriation of Imperial Revenue to the amount of £682,719, which would be absolutely impracticable.

A more temperate proposal would be this, to allow the Assignments to Bengal and Oudh to remain as they are, and to raise the Assignments of Madras and the North-West Provinces, to 13.853 per cent on their Revenues, or to the normal rate mentioned above—the rate which is represented by the total amount of Provincial Assignments compared with the total amount of Imperial Revenue derived from the Provinces. This settlement would place Bengal, Madras, the North-West Provinces and Oudh, practically, on the same footing, leaving Bombay and the Punjab in an exceptional situation, which might be envied, but which would, probably, not be seriously contested. Here again, however, the financial difficulty appears to me to be almost insuperable. The operation to which I have referred would still cost the Imperial Revenue an additional Expenditure in favor of Madras of £254,132, and in favor of the North-West Provinces—of £147,342, or an aggregate increase to Provincial Assignments of £401,474—an amount which the Imperial Revenues might not be able to support. I am afraid that the project of introducing a tolerable uniformity in the rates of Provincial Assignments, by raising the lower to the level of the higher, or even to a medium or normal rate, is one that must be abandoned.

The alternative method would be to reduce the higher rates to a normal or medium rate, to which the lower rates would at the same time be raised.

This is the system which I venture to recommend, but in order to render the change less abrupt and more equitable, I would make it gradual, and I would not make it absolute. I would spread the adjustment over several successive years, and I would reserve a moderate Fund which should be available for appropriation in those Provinces which, for one reason or

Methods for a
more equitable re-
distribution of the
assignments sug-
gested

other, might still lay claim to exceptional treatment, even after the expiration of the term referred to

	£	In my humble judgment, the Provincial Assignments might be fixed for all the Provinces at a normal rate of 12½ per cent on their respective Revenues, excluding Customs and Opium	LORD NAPIER OF MENCHISTOUN, 3rd May 1872
Oudh	197,919	Twelve and-a-half per cent would bring out the results contained in the margin in favor of each Province, and an aggregate normal Assignment of £4,306,522	
Central Provinces	129,905		
British Burmah	109,102		
Bengal	1,088,287		
N W Provinces	705,932		
Punjab	425,655		
Madras	908,136		
Bombay	742,486		

A balance would, therefore, be left of £466,078, which the Supreme Government might appropriate to certain Provinces, over and above their normal Grants, in consideration of exceptional necessities. The new scale of Assignments might come fully into operation at the end of five years, during which the higher rates now paid to certain Provinces would be, gradually, reduced, and the lower rates paid to others would be, gradually, elevated. In this way existing engagements and works in progress would not be too violently disturbed, and the favored Provinces would have time to meet their altered conditions, either by contracting their expenditure, or by raising the funds necessary to maintain it at the present level, by Local Taxation.

The serious obstacle which may be raised against the adjustment of this question in the manner suggested above, lies in the 17th paragraph of the Resolution of the Government of India under date December 14, 1870, which is couched in the following terms:

"Unless some fiscal misfortune, such as a heavy loss in the Opium Revenue, or National disaster, such as War or severe Famine, occurs, the Governor General in Council will maintain, for the future, the Assignments for Provincial Services, at the amounts now fixed. They will not, in any case, be reduced without previous consultation with the Governments."

This intimation, if it is to be regarded as, firmly and permanently, binding on the Government of India, would not admit of the settlement which I have ventured to propose, but I do not think that the intimation can be regarded as binding—it is a declaration of intention, it is nothing of the character of a contract. The Government of India, in instituting the system of Provincial Services proceeded by authority and not by negotiation. They consulted the Subordinate Governments with the view of rendering the project as judicious and acceptable as possible, but they did not require the assent of the Subordinate Governments, and the Subordinate Governments did not make any concession or sacrifice of right or possession, in consideration of the benefit conferred upon them. To affirm that the declaration of intention referred to above, is absolutely binding on the Government of India, would be equivalent to affirming that the opinions of one set of men and of one period, can tie up and govern the convictions and the actions of a different set of men and of all times to come. It is true that the reversal of a declaration, such as that cited above, even when the declaration was inconsiderate and ill-advised, is much to be regretted—it bears with it a complexion of inconsistency, almost of want of faith, but the disadvantages attached to a perpetuation of injustice are greater still. I do not affirm it without reluctance and hesitation, but I still affirm, that the Government of India would do well to avow that the declaration referred to was made with precipitancy, and without due regard to all the consequences involved, and that they should frankly explain to the Subordinate Governments that the position is one from which the Government of India must recede, but with circumspection and with due regard to existing interests. Nor do I despair of the alteration being effected, with the eventual concurrence of the Governments of Bombay and the Punjab, which would be the immediate losers. Those Governments would scarcely maintain, were the matter fairly and seriously brought under discussion, that the people and the Provinces in which they are respectively interested have a claim to be educated, controlled, improved and decorated, for ever, at the expense of Madras and the North-West Provinces.

In submitting the preceding remarks, I think it right to guard myself against the imputation of wantonly stirring a question which might have been allowed to sleep. In the course I now adopt I merely fulfil an intention, long since announced to the Government of India, and redeem a pledge long since offered to the people of Madras.

In the letter from the Secretary to the Government of India, Financial Department, to the Government of Madras, of August 20, 1870, the ensuing passage occurs:

"Para 13—The plan thus set forth does not profess to remove all inequalities which may now exist in the provincial distribution of the Imperial Grants for the Services affected. But it will afford facilities to each Local Government for partially correcting any such inequalities by distributing the total amount assigned to it among the several Heads affected as it may think best for the public service, the requirements of each department being sufficiently provided for. No suggestion for the remedy of any alleged unfairness in the Assignments made to the several Provinces can be discussed on the present occasion."

To this the Government of Madras, in their letter of September 27, 1870, paragraph 12, replied in the following terms: "I am desirous to observe in conclusion that, in Deference to the remark made at the close of the 13th paragraph of your letter, the Governor in Council abstains, on this occasion, from entering into any comparison of the Assignments at present made to the several Governments for Civil Administration and Public Works, but that the subject

* NOTE.—See page 40 of the accompanying paper (Proceedings of the Government of India, Financial Department, January 1871, Nos 20 to 57)

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is one which is engaging the attention of the Madras Government, and on which a communication will, probably, be addressed to the Government of India, on a future occasion."

Since the Scheme of Provincial Assignments has been brought into operation, the Government of Madras have abstained from all remonstrance, deeming it expedient to urge no complaints in the first stage of the new system, and at a time when apprehended embarrassments of the Imperial Exchequer discouraged applications, involving, it might be, an increase of expenditure. But the Government of Madras are, to my personal knowledge, in no wise careless of the just claims of the Presidency. The question which I have brought under consideration has never been absent from their thoughts. It is one that concerns them deeply, and which they will never cease to agitate, hereafter, until it obtains an equitable solution. Should the Government of India, on the other hand, deem themselves justified in taking the initiative, the impending controversy would be prevented, and the first step would be made in that policy of conciliation which the Scheme of Provincial Assignments was intended to promote, but which, for the reasons above stated, it has left imperfect.

Additional departments should be made over to the Local Governments. In conclusion I would submit to the Government of India the desirability of developing the system of Provincial Assignments by delivering over to the Local Governments some additional departments of expenditure.

The Government of Madras, on a former occasion, submitted their opinion that eleven Heads of Expenditure enumerated in the margin (without the Revenues attached to them) might be placed in the category of Provincial Assignments with good effect. I am not prepared to affirm that all these Branches of Administration would be, beneficially, transferred at once, but I venture to recommend to the consideration of the Government of India the expediency of making a beginning of enlargement, which, if approved by experience, would justify further concessions. I would prefer to select, for trial, the Departments known as "Land Revenue," "Forest," "Ecclesiastical" and "Medical Establishments." The revenue establishments form a department of administration which must, surely, be peculiarly within the competency of the Local Governments, and which could scarcely be controlled with advantage from a distant Central Authority.

The Forest interests are closely bound up with those belonging to the Land, and the Forest establishments, under the organisation now sanctioned for Madras and Bombay, will be directly subordinated to the Collectors of Districts. The Medical Establishments, if placed under the exclusive management of the Local Governments, would, probably, be better harmonised with the various schemes on foot, for the development of Medical Relief, the Sanitation of towns and villages, and the improvement of Vaccination. In the Ecclesiastical Department the Government of India has, already, contemplated retrenchments, and a modification of the existing system by the extension of grants-in-aid. This design could be prosecuted with ease by the Local Governments in communication with the Local Bishops. It may be contended that, in all these departments reforms, retrenchments, and new adaptations might be carried out by the Local Governments, under the impulse and authority of the Government of India; nor can this, as a matter of principle, be denied. But we know that a sense of complete independence and undivided responsibility, allied with the prospect of pecuniary gain available for provincial and local purposes, does, practically, supply a powerful incentive to useful innovation and vigilant economy.

At any rate, I cannot be wrong in drawing the attention of the Government of India to the fact that the Scheme of Provincial assignments now in force has never been presented as a final measure, and in urging that the success which has attended the policy of the late Viceroy affords a *prima facie* ground for moving further in the same path.

CALCUTTA,
The 3rd May 1872 }

NAPIER.

Annexure to the above Minute.

	Provincial Service Grant	ACTUALS FOR 1870-71	Population	Percentage of Grant to Revenue	Percentage of Grant to population, i.e., amount of grant for every 100 inhabitants
		Revenues, exclusive of Opium and Customs			
	£	£		£	£
Oudh	211,300	1,576,048	11,200,000	13 106	1 886
Central Provinces	269,600	1,039,213	7,985,000	25 942	3 376
British Burmah	276,500	872,795	2,356,000	31 679	11 735
Bengal	1,187,900	8,705,801	50,000,000	13 759	2 396
North Western Provinces	635,000	5,017,296	30,015,000	11 214	2 115
Punjab	528,800	3,405,191	17,612,000	15 529	3 002
Madras	752,300	7,264,366	31,000,000	10 355	2 426
Bombay	901,200	5,939,835	14,000,000	15 172	6 437
TOTAL	4,772,600	34,450,545	164,168,000	13 853	2 970

Note by THE HON'BLE SIR R. TEMPLE

I refrained, for a short time, to submit to His Lordship the Governor General the accompanying Minute handed to us by Lord Napier just before quitting the Government of India. The Table which accompanies the Minute was prepared under my orders, at his request. The points he touches on are, all, more or less controversial. Those Local Governments which would benefit by the adoption of his views would agree. Those Local Governments which would lose thereby, would disagree. If we stirred the matter, we should embark on a course of disputes which would never be satisfactorily settled.

To the best of my belief, Lord Napier is wholly mistaken when he says that the Government of India made any of the declarations in the Provincial Services Resolution without due consideration. On the contrary, all the points, even the very points he now mentions, were fully considered.

We felt that to get anything done practically, we must take existing things for our basis, that it would be impossible to settle any other basis to the satisfaction of all the parties concerned, that we must accept some degree of inequality in a matter where equality was impossible.

I still believe that it would have been impracticable to settle the matter in any such manner as that which His Lordship seems to desire.

But I admit that there is some unavoidable inequality, though I doubt whether it is, really and justly, as great as he supposes.

Though wholly opposed to any general stirring of the matter, and to any attempt at taking away from any Government that which has been given, I yet consider that the facts, as shown in the Financial Table now appended, should be observed by the Government of India, and borne in mind, whenever anything additional is given to Provincial Services.

Though we cannot properly take away, we can give as we see fit, without any other party having a right to cavil. And, in the future, I would try so to distribute the gifts (if there be any) among the Local Governments as to remedy any existing inequalities.

R T,—9-7-72

Note by His Excellency the Viceroy

SIR JOHN STRACHEY,—I should be glad of your opinion on the Minute left by Lord Napier, which requires careful consideration, and, for its full consideration, further statistics. The points are—

- (1) the alleged inequality of the Assignments
- (2) the propriety of still further extending the new system

And, in considering the second point, the further question, whether the system could be applied to any sources of Revenue, *e.g.*, Abkaree. I see that Lord Mayo and other very high Authorities thought that it could.

N,—23-7-72

Note by THE HON'BLE SIR J. STRACHEY

His Excellency the Viceroy has desired my opinion on the Minute left by Lord Napier on the subject of the Assignments made to Local Governments for Provincial Services.

While His Lordship has fully acknowledged the great benefits that have followed from the new system, and has stated his belief that "the plan followed by the Government of India in the introduction of Fixed Provincial Assignments was practical and prudent at the time," he is, nevertheless, of opinion that "it involved some injustice," and that the former appropriations of Imperial Revenue to the various Provinces, which formed the basis of the new Provincial Grants, were "unjustifiably unequal."

In support of these conclusions, His Excellency the late Viceroy has brought forward a return showing the Assignments for Provincial Services, the proportion which those Assignments bear to the Revenue raised in each Province, and the amount which each Province receives, on this account, for every hundred of its inhabitants.

His Excellency's argument is based on the assumption that justice requires that the expenditure allowed by the Imperial Government for Provincial Purposes shall, in each Province, bear a certain proportion to the amount which that Province contributes to the General Revenues of the Empire. In other words, the proposition, as it seems to me, is this: that the expenditure in each Province shall be regulated, not by its actual wants, nor by the means at the disposal of the Imperial Government, but by the amount of its actual Local Revenue. I think it would be quite impossible to carry on the Government on any such principle. The Empire must be treated as a whole, not as a collection of separate and semi-independent States.

The distinction between Imperial and Provincial Expenditure is one which it is convenient, for certain practical purposes, to make, but it is, in reality, purely arbitrary. It is no more possible to say *a priori* that in any Province it is right to incur a certain expenditure for Roads, or Jails, or for Police, than it is to say that a certain expenditure ought to be incurred for the Army or for Telegraphs. Whether the expenditure be called Imperial or Provincial, actual requirements and actual means of meeting them can alone determine the amount which the Government of India can properly grant. The object at which the Government aimed, in introducing the new System of Provincial Assignments was not to attempt the impossible task of

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making a theoretically equitable distribution of Imperial Revenues between the various Provinces, but to make better practical arrangements for meeting actually existing charges

If, however, the principle advocated by Lord Napier were admitted and were acted upon, I think that the results would be different from those at which His Excellency has arrived. If, for example, each Province were to receive for its Provincial Expenditure an assignment proportionate to the amount of its contribution to the Imperial Revenues, no Province would gain so much as Bombay, because no Province, taking into consideration its area and its population, yields anything like the same amount of revenue. Lord Napier shows that if the provincial grants were distributed in each Province, then the Grant per 100 persons, in Bombay would be £6 4, in Bengal, £2 4,* and in Madras, £2 4. But if we distribute, in the same way, the revenue paid by the people of each Province, we find that, while Bombay pays £42 4 per 100 inhabitants, Madras pays only £23 4, and Bengal only £13 4 †. Although I am far from thinking that the amount of the Grant to each Province should be proportionate to the amount of the revenue per head which each Province pays, it appears to me that figures based on this assumption would afford, according to the principle laid down by His Excellency himself, fairer data on which to determine the question, than the figures which he has given. If we had, now, to decide how existing advantages and existing burdens could most equitably be redistributed among the various Provinces, Bombay might urge, with great show of reason, that it was not just that it should be made to raise a revenue proportionally so far greater than that of any of its neighbours. It might especially point to the fact that, with a population of 14,000,000 and an area of 130,000 square miles, it was paying not much less in land revenue, ‡ than Bengal, with its population of 65,000,000 and its area of 275,000 square miles. It might be maintained that, if theoretical considerations of equity in regard to the distribution of burdens were to prevail, the Revenue of Bengal ought to be raised to the same standard as that of other Provinces, which might then be relieved from a great portion of the taxation falling on them §. I would add that, while it is true, as observed by Lord Napier, that Provinces lately acquired, and in a backward state, may demand what may seem a comparatively large outlay, it is, on the other hand, no less a fact that a highly advanced Province like Bombay, with its great commercial and other interests, also requires a larger expenditure than less advanced parts of the Empire.

To regulate as
signments accord-
ing to the amount
of revenue paid by
the several provinces
would be fallacious

In reality, however, all calculations based on the amount of revenue paid by the several Provinces are altogether fallacious. In the first place, the term "Revenue" has a very wide and indeterminate meaning. It includes not only the proceeds of taxation, properly so called, but also the share of the Government in the produce of the land, and other proprietary rights. This share of the produce is determined in different Provinces on totally different principles. An illustration of this has, just, been given in the comparison between the amount of the Land Revenue in Bengal and in Bombay.

Taking, again, the amounts raised by taxation proper, it is extremely difficult, not to say impossible, with the knowledge now possessed, to determine the actual incidence of the taxes collected in the various Provinces. Lord Napier has, properly, excluded Customs and Opium from his calculations, but the figures given by him include other sources of revenue which are equally misleading as data for any conclusions. I will give one illustration—the Salt Revenue. His Excellency has included, in each case, the Salt Revenue collected in each Province. But, in reality, this is no sort of index to the amount which each Province pays. In Oudh, for example, with its Population of 11,000,000, the total Salt Revenue is shown in the estimates for 1871-72 to be £1,300, in the Central Provinces, with a Population of 8,000,000, the Salt Revenue is £125,000, in the North-Western Provinces, with a Population of 30,000,000, the amount is £415,000, in the Punjab, with a Population of 17,500,000, it is £365,000. In reality, since the Duty on Salt is the same throughout these four Provinces, and there is no reason to suppose that the consumption per head varies materially, the amount of Salt Revenue paid by each Province is, approximately, proportionate to its Population. The simple reason of the great disproportion in the collections of each Province lies in the geographical position of the salt sources from which the supply is derived. Thus the Punjab rock salt, the duty on which is collected at the mines, penetrates to every market in Northern India. The rest of the supply comes across the Inland Customs Line, and duty is paid to the Punjab, the North-Western and Central Provinces, at the places where the salt crosses the Line, without any reference to its final destination.

Bengal also supplies large quantities of salt to the Upper Provinces, and gets credit for the entire duty which it collects. Similar remarks, as Lord Napier has suggested, may be made regarding the Salt Revenue of Madras and Bombay.

Facts such as these, entirely vitiate the figures on which Lord Napier's conclusions are founded. For these reasons I do not think that His Excellency's proposals can be accepted.

* *Vide* note below. Taking the population of Bengal at 65,000,000, this figure is reduced to £1 8 per 100 persons.

† I have taken the population of Bengal at 65,000,000, which is, certainly, below the amount which will be shown by the new Census. For the Revenue I have taken Lord Napier's figures.

‡ Bengal
Bombay

£
4,000,000
3,590,000

§ If I remember rightly, the Lieutenant Governor of Bengal has expressed the belief that if a settlement of land revenue in Bengal could now be made on the same principles as those in force in Northern India, the additional revenue received by the Government would not be less than £8,000,000 per annum. If the Settlement were made on the system in force in Bombay, the increase would be much larger.

I will not pursue this inquiry further. To recapitulate my conclusions it seems to me—
1st,—that the principle laid down by Lord Napier, and on which his whole argument is based, *viz*, that the expenditure in each Province ought to bear a certain proportion to the amount which that Province contributes to the Imperial Revenue, is inadmissible,

2nd,—that, even if that principle were admitted, no such conclusions as those stated by His Excellency can be drawn from the data which he has given,

3rd,—that those data are themselves wholly fallacious and misleading.

The fact appears to me to be that the questions raised in His Excellency's Minute are insoluble. I by no means assert that there have been, and are, no inequalities in the treatment of different Provinces. But, as a general rule, the conflict, so to speak, that had been going on, for a long series of years, between the Local and the Supreme Governments in regard to every branch of Provincial Expenditure has, I believe, led practically to a much fairer distribution of the Imperial Revenues than could have been arrived at in any other way. It is as true now as it was when the new system was introduced that there is no standard, except that of existing expenditure, by which the Assignments to different Provinces can, ordinarily, be regulated. Exceptional cases must be dealt with as they arise on their own merits.

I will only add that I am unable to agree with Lord Napier in his estimate of the engagement entered into by the Government of India in the 17th paragraph of the Resolution of the 14th December 1870, to the effect that, unless some serious fiscal misfortune should occur, the Assignments made to the Local Governments shall not be reduced. That engagement was entered into, after long and careful consideration, and it could not, in my opinion, be set aside without extreme impropriety—to use no harsher term. The Government of India was quite alive, when it made this promise, to the fact that such pledges are, ordinarily, very inexpedient. But it was satisfied that, without this condition, the acceptance of the Scheme by the Local Governments was entirely out of the question, and if those Governments had disapproved the scheme its failure was certain.

The Government of India knew also that the Assignments were, in all cases, moderate, having regard to the charges to be met, and that the charges themselves were of such a character, that they would, inevitably, go on increasing with the progress of the Country.

In regard to the propriety of further extending the new system of Provincial Assignments urged in the latter part of Lord Napier's Minute I propose to state my opinions in a separate Note.

J S,—27-7-72

PROVINCIAL SERVICES

Note by THE HON'BLE SIR J STRACHEY

In the latter part of His Excellency the Viceroy's Note dated 23rd instant he desires my opinion in regard to the propriety of further extending the system of Provincial Assignments, and, specially, whether the system could be applied to any sources of revenue.

2 For several years past—and long before the Resolution of the 14th December 1870 was issued—I have lost no opportunity of maintaining that this system should be applied not only to Expenditure but to Income. Almost all the reasons which rendered it desirable to place on the Local Governments the responsibility for managing their local Expenditure apply equally to the management of the Revenue.

3 There never has been, and never can be, any proper care given by the Government of India to the development and administration of those branches of the Revenue which depend entirely, for their management and collection, on the Local Authorities. As I have often said before, the control of the Government of India over the fiscal proceedings of the Local Governments has, virtually consisted in haggling over the details of Expenditure, while the sources of income have been left, to a great extent, to take care of themselves. Although the great reform carried out by Lord Mayo in December 1870 has led to immense improvement in regard to Expenditure, the statement which I have just made, still, remains substantially correct. It is inevitable that it should be so, under the existing system, and, if it be impossible for the Government of India to supervise and regulate all the details of local Expenditure, it is still more impossible for it to supervise the details of managing the administration of the Revenues. I think it certain that the Authorities who administer the Revenue ought to be made practically responsible for doing so in the best manner possible, and this responsibility will not be really felt until the Local Governments find that, while bad administration of the Revenues leads to their own injury, good administration gives them increased means of carrying out the improvements which their Provinces require. They have now no personal inducement (so to speak) to develop the Public Revenues, and this inducement ought to be given to them.

A good illustration of this has recently come up from Bombay. The Local Government having no interest in the salt revenue, objects to provide buildings required for Imperial purposes. A conflict of interests is thus created, and the inevitable result, in such cases, must be, that expenditure which directly benefits Provincial Interests will be preferred to that which is incurred only on account of the Imperial Government.

4 So far as the principle under discussion is concerned, it has, to a certain extent, been already admitted and acted upon, since the Resolution of December 1870 gave to the Local Governments the whole of the Receipts on account of the Services transferred. These amounted altogether to £646,000. This was, clearly, an Assignment of Imperial Revenue.

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There is no standard except that of existing expenditure by which the assignments to different provinces can ordinarily be regulated.

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The system of provincial assignments should be applied to the revenue as well as to the expenditure.

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28th July 1872

The distinction between Imperial and Provincial sources of Revenue is purely arbitrary, and the revenue that has already been transferred, and many of the existing Provincial Taxes, are really just as much assignments of Imperial Revenue as any others that could be made

5 The branches of Revenue which can properly be dealt with in the manner proposed are, chiefly, those which depend for their development on good Local administration. The best examples of such sources of income are the Excise and Income Tax. There are also items of receipt, for the most part of comparatively minor importance, which are connected with the services transferred to the Local Governments. As I have already observed, the propriety of making over to the Local Governments these branches of revenue has already been recognised and acted upon

If revenues be assigned to Local Governments, a corresponding amount of fresh charge should be transferred from imperial to provincial

6 Whatever further development be given to the System of Provincial Assignments, I think that the arrangements made in December 1870 should remain substantially untouched. The Government of India then fixed certain sums which were to be granted annually to the Local Governments on account of certain Services. If the plan be adopted of making over to the Local Governments a proportion of certain branches of income, the assignments of this nature should be in addition to the existing Provincial Grants, not in substitution for them, a corresponding fresh charge being transferred to the Local Governments

7 In order to determine what amount of the Revenues should be assigned, it will be convenient, first, to determine the nature and the amount of the charges which may be properly transferred

There can be no question that the reasons which led to the Measure of 1870 equally justify the extension of the same system to other items of Expenditure

8 I think that the transfer of the following charges might properly be made

1st — Charges on account of Provincial Administration
(Budget Grant 15)

These include the salaries of Governors, Lieutenant-Governors, and their Staff, Heads of Departments, their establishments, and contingent expenses

2nd — Minor departments of a Provincial Character
(Grant 16)

These include such items as Museums, Botanical and other Gardens, Model Farms, Meteorology, Local Examinations, &c

3rd — Law and Justice
(Grant 17)

This includes all the Provincial, Civil and Criminal Courts, their establishments, and contingencies

4th — Medical Civil Salaries, &c
(Grant 20)

5th — Miscellaneous
(Grant 21)

Since the Resolution of December 1870, further transfers were made under this Head in March 1872 of items of a local character. Others still remain which might be similarly transferred

9 It is obvious that, in the administration of some of these branches of expenditure, questions of imperial importance are involved. But the transfer of these charges would remove none of the restrictions which are now imposed on the Local Governments in dealing with such questions, and the Rules laid down in the Resolution of 11th December would be equally applicable. While, however, the Local Governments would have no power to make, on their own authority, great constitutional changes, there is great scope for improved administration and economy in details, such as the strength of office establishments and contingent charges which, now, swallow up large sums of money. And although the power of the Local Governments to make organic changes would not be increased, their interest in introducing and maintaining reforms tending to improved administration and economy would be greatly stimulated. The charges which it is now proposed to transfer, do not differ, in their nature or in magnitude, from some of those already made over. For example, the Police is as important a branch of administration as any other that can be named, and its cost was greater than that of any of the other Services that have been above mentioned

10 The charges in question are growing charges, and, by their transfer, to the Local Governments the Imperial Government will, in a great measure, be protected against future demands for increased expenditure. But the fact that these charges are growing charges, and that there is a limit to the power of economising, makes it right that the Local Governments should have a growing income. It has been said, with much truth, that the Measures taken in December 1870 were, to a certain extent, incomplete, because they did not provide for future expansion of charges, and that their tendency was, therefore, to force Local Governments to impose new taxation. This objection is got over by the plan of assigning to the Local Governments a portion of those branches of Revenue which, it is reasonable to suppose, will go on increasing, and the development of which depends on local good management

11 Excise and income tax answer to this description, and a proportion of these might, with advantage, be assigned to the Local Governments, together with the whole of the connected charges. Besides these, a proportion of the revenue derived from commercial stamps, and of the Court Fees which depend on the administration of Law and Justice might be similarly transferred

A rough calculation* shows that if the charges above enumerated were thrown upon the Local Governments, they could be approximately covered by an assignment of one-half of the Excise Revenue, one half of the Income Tax, one-half of the Stamps, and the whole of the Court Fees

* *Vide* Table appended, which is simply given as an illustration. The figures would, undoubtedly, require modification

Detail of imperial charges which may be additionally transferred to provincial

The measures taken in Dec 1870 were incomplete, because the allotment for growing heads of expenditure was a fixed amount. This would be corrected by transferring a portion of revenue as the assignment for a corresponding transfer of imperial charge

This calculation is founded on the total figures from all the Provinces. Probably, modifications would be necessary in making the practical distribution. It is not necessary, at the present stage of this discussion, that I should enter into further details. A few general remarks may be added.

12 In assigning to each Local Government a certain proportion of different branches of revenue, it would, apparently, be desirable to fix a minimum amount as the share of the Imperial Government. For example, the Excise Revenue being, say, £2,217,000, 50 per cent would be assigned to the Local Governments, with the proviso that not less than £1,108,500 should always be reserved as the minimum amount due to the Imperial Government. If the Revenue should expand, the Local Government would receive 50 per cent of the increase. If the Revenue should diminish, the obligation of meeting the deficiency would fall, primarily, on the Local Government, which would, either, make it good from other sources, or would reduce its expenditure. Exceptional cases, such as those arising from widespread scarcity or famine, would have to be considered, as they arose, by the Imperial Government, the remedy, in the last resort, being a Special Grant.

In case of any organic change in the administration of any branch of Revenue materially affecting the amount of income, such as alterations in the rate of Income-tax, the percentage of revenue transferred must be subject to modification.

It would also be necessary to provide for the revision, from time to time, of these arrangements in regard to the proportion to be assigned to Local Governments. Otherwise, the increase of Revenue might be so great as to give an undue advantage to the Provincial, at the expense of the Imperial, revenue.

The power must, necessarily, be, at all times, reserved to the Supreme Government of calling upon the Local Governments, in case of any extreme emergency, to surrender, for the necessities of the Empire, any advantages which they may have obtained under the proposed Measures.

13 I have said nothing regarding the transfer of a portion of the Revenue derived from Land, Forests, and Salt. Difficult questions are involved, which it is not now necessary to discuss. I may, however, observe that I am strongly inclined to think that in some Provinces, and, especially in Bombay, a share of the salt duties might, with advantage, be transferred. This would not only interest the Local Government in developing that important branch of revenue—and in Bombay it is acknowledged to be very backward—but might render possible the abandonment of unpopular Provincial Taxation, and might go far towards removing objections and difficulties which have, hitherto, stood in the way of the equalisation of the Salt Duties throughout India.

14 Before the Measures suggested in this Note can be carried out, it is obvious that they require to be thoroughly considered and discussed, and the details must be carefully elaborated. It may not be expedient that the whole of the transfers should be made, at once, or simultaneously. I have only sought to indicate, in a general way, the direction in which I think that good policy requires us to move, in order further to develop the system of Provincial responsibility for good financial administration.

J S,—28-7-72

Table to illustrate, approximately, propositions in SIR JOHN STRACHEY'S Note of the 28th July 1872
the figures are taken from the Estimates for 1872-73

RECEIPTS	Oudh	Central Provinces	British Burmah	Bengal	North Western Provinces	Punjab	Madras	Bombay	TOTAL
	£	£	£	£	£	£	£	£	£
Half Excise	42,500	52,500	49,500	325,000	102,500	45,250	285,000	206,250	1,108,500
Half Assessed Taxes	9,000	8,500	4,000	92,000	43,000	23,500	34,000	51,000	268,000
Half Stamps	10,750	12,700	6,725	137,110	40,750	31,800	80,000	111,400	431,235
Court Fees	75,000	66,600	28,550	520,779	226,000	176,400	210,000	290,200	1,623,529
Law and Justice	11,000	15,000	17,100	75,000	86,800	45,000	95,400	35,500	380,800
TOTAL	118,250	155,300	105,875	1,149,889	499,050	321,950	731,400	697,350	3,812,064

CHARGES	Oudh	Central Provinces	British Burmah	Bengal	North Western Provinces	Punjab	Madras	Bombay	TOTAL
	£	£	£	£	£	£	£	£	£
Excise (the whole including Refunds)	3,537	7,100	150	32,131	11,620	6,900	26,700	60,263	118,401
Assessed Taxes (the whole including Refunds)	959	450	720	26,127	3,130	3,400	5,000	7,491	47,277
Stamps (including Refunds)	2,373	5,000	1,810	50,921	12,940	6,600	19,500	21,848	120,992
Administration	37,300	42,900	35,300	172,900	118,500	113,100	133,900	175,600	834,800
Minor Departments	600	2,400	100	20,100	14,500	7,000	19,700	18,900	83,600
Law and Justice* (including Refunds)	64,995	78,900	62,170	727,500	330,700	181,000	368,400	451,710	2,271,495
Medical	6,800	13,000	7,000	38,500	26,200	21,000	30,500	27,500	171,100
TOTAL	116,564	119,750	107,250	1,068,479	518,190	312,300	609,000	766,312	3,677,875

* The figures under this Head include, it is believed in all cases, a proportion of the charges on account of Officers exercising both Revenue and judicial functions.

CHAPTER XIII

Minute by His Excellency THE GOVERNOR GENERAL, dated 27th July 1872.

LORD NORTHBROOK,
27th July 1872

There are several papers waiting for decision connected with Provincial Services, upon which there is some difference of opinion. This is only natural during the infancy of a system which has made a considerable change in the manner in which the business of the Local Governments is transacted.

Various questions
of detail affecting
provincial funds

It is very desirable that these questions, which may form precedents for future guidance, should be carefully considered, and I therefore enclose them with my ideas of the decisions which seem to me to be advisable. But I should be glad of any further observations from Sir John Strachey and Sir Richard Temple, as well as from any other Members of Council, as there are several points upon which I hesitate before arriving at a conclusion, and we should hear all that can be said upon both sides.

I.—The Public Works Department enquire—

(1) If the Resolution of the 14th December 1870, paragraph 21, Rule 1, applies only to special and ungraded Appointments.

The answer is, as proposed by the Finance Department, that it applies to all appointments, that is to say, that no new appointment of more than Rs. 250 a month shall be created without previous sanction, and that no appointment of less than Rs. 250 shall

be raised by increase of pay or allowances to more than Rs. 250, without previous sanction.

(2) Whether, under Rule 2, the Local Governments may increase the number of persons employed in classes or grades already sanctioned, provided that the appointments do not exceed Rs. 250.

The answer, as I understand it, proposed by the Finance Department, is correct, viz., that it is intended that the power shall be given to Local Governments without previous sanction.

(3) As regards the 3rd Rule, the Public Works Department ask how it is to be enforced.

The Finance Department suggests that monthly returns should be furnished of all alterations of pay, &c.

The Public Works Department think that the Provincial Budget Estimates and the Proceedings will suffice, as far as that Department is concerned.

Order in Council
Approved

Considering that the question involves only the lower classes of appointments, it seems to me not to be necessary to call for monthly returns.

II.—The North-Western Provinces Government suggest that, where an improvement (e.g., drainage work) is carried out by Local Funds, and has the incidental effect of increasing the Land Revenue, its cost should be paid from such increases.

The Finance Department object, on the ground that if no Provincial Assignment had been made, the improvement would have been carried out, and the Imperial Revenues have derived the profit at once, and also on the ground of the complication in the Accounts which would arise from admitting the course proposed.

Sir John Strachey thinks that some means might be found to obviate the technical difficulty, and that, as a matter of policy, the allowance should be made for the purpose of encouraging Local Governments to spend some of the Provincial Assignments upon works which, while they are locally desirable, may also profit Imperial Revenues, for if no advantage is held out to them, it is probable that they will, either, not make the works, or force them upon the Imperial revenues.

Order in Council

The Government, North Western Provinces, to be informed that the question will be reserved for consideration with other questions regarding the extension of the Provincial Service Scheme.

I think that Sir John Strachey is right, and would concede the point, under such Regulations as may be approved in the Revenue Department.

III.—In the same way, and for the same reasons, I would allow the revenue derived from Mines and Quarries, opened and worked at the cost of provincial Funds, to go to these Funds without such an inducement, it is improbable that the Country will derive the full

Order in Council
Approved

benefit from these Resources. It will be necessary, however, that the Imperial Government should give previous sanction to the rates or royalties proposed to be levied, and there may be cases which should be treated exceptionally and referred under Imperial Management.

IV & V.—The question is, whether, after a certain sum has been allotted to provincial funds for a particular service of a temporary character, e.g., Census, or a Gazetteer, any expenditure in excess of the sum allotted may be charged to Local Funds.

The Finance Department see some difficulty in carrying this out. I confess I do not see it myself, and the proposal commends itself to me as being likely to induce Local Governments to be economical, and also as preventing unforeseen excesses in Imperial Expenditure as compared with the estimates.

I would allow the £300 for the *Gazetteer of Burma* to be defrayed from Local Funds, and allot a proper sum for the Census operations in Bengal, on the condition that any excess shall be borne from Local Funds.

Order in Council
Approved

VI.—Whether a house for the Political Agent, Hill Tipperah, shall be paid for from Provincial or Imperial Funds?

I think, with the Financial Department, that as this service would under the old system have been charged to 'Civil Buildings,' it should be defrayed from Provincial Funds

CHAPTER XIII

LORD NORTHBROOK,
27th July 1872

VII—Whether an extra grant should be given to Bengal on account of the Buidwan fever, and the extra expense to which the Bengal Government has been put on that account

This raises a question of considerable importance, viz, whether unforeseen expenditure under any one Head of the Provincial Services should be charged, in the first instance, to the general surplus, if any, of provincial Grants, before the Imperial Government should be called upon to contribute

Minor matters
about provincial
funds

I think that the Financial Department are correct in their view, that the above is the proper principle to lay down, and that it should be asserted

At the same time, in this case, and in the case of the building for the Jamsetjee Jeejeebhoy School of Art at Bombay, I am disposed to couple the assertion of a sound principle for the future, with liberal treatment in the particular cases, more especially as a grant of a lakh was made to the Government of Madras, a short time ago, on account of the expenses incurred by that Government to meet the famine in Ganjam

I would give the Bengal Government a lakh for the Buidwan fever expenditure

Controversial questions of this kind are often settled, satisfactorily, by a little concession in a particular case, while sound principles are laid down for the future

There is an incidental point with respect to the salaries of Medical Officers, upon which I can offer no opinion

There are some further questions relating to Provincial Assignments which require further consideration before they can be brought before Council, but I do not like any longer to delay a settlement of those now brought forward

It is unfortunate that we have, for the moment, no representative of a Local Government in Council, and, for that reason, we must take care to consider all that can be urged upon their side of these questions

N,—27-7-72

In reference to His Excellency the Governor General's Memorandum of the 27th, I have to remark as follows

THE HON'BLE SIR
R. TEMPLE,
29th July 1872

If a source of Imperial Revenue is developed by Provincial Expenditure, I think it impossible, under existing system, to give to Provincial Funds any share in the said revenue, that is, the revenue derivable therefrom

We cannot at present alienate any part of Imperial Revenue

Whether we ought to do so, in future, or not, may be a question As yet we have no authority for such a proceeding

No, if it be thought that we ought not to put this charge on the Provincial Services, we can defray it from Imperial Resources That, no doubt, is within our power I would add that the assigning to Local Governments a share in the fiscal proceeds of any undertaking might lead to disputes and to some complication in Accounts

About the defraying of small charges, like Census, by granting a certain sum, leaving the Local Government to provide from Provincial Funds whatever may be required in addition, I have not much to say, but I do not myself quite approve of the plan One objection is, that we should hardly know what the real total cost of any given operation had been

A charge ought to be wholly defrayed from Imperial Resources, or wholly from Provincial I regret that I cannot, for one, concur in the proposal to grant a lakh of rupees to the Government of Bengal, for the Buidwan fever I think that the objections set forth in my Note of the 12th July are insuperable Indeed, the case is even stronger now than I then put it We then supposed that the surplus in possession of the Government of Bengal was £80,000 We now learn that it is considerably more, and may be as much as £150,000 It would be inexpedient to make India pay a lakh of rupees for Bengal, which Bengal can afford to pay, perfectly well, for itself

As to the Vizagapatam precedent, certainly a lakh of rupees was granted I, for one, strongly deprecated the grant at the time, and I am, in consequence, the more anxious that it should not be made a precedent for a similar grant to Buidwan

The cases, however, are not similar Madras had, at that time, no surplus it appeared to be rather in difficulty for funds, whereas Bengal has an abundant surplus Madras has spent a good deal from its own resources on the Vizagapatam famine, Bengal has, as yet, spent little or nothing on the Buidwan fever

Indeed, it is the fear of forming precedents that intensifies my objection If grants are conceded on grounds of this nature, not a year, not even a half-year, or a quarter, will pass, without applications of this character being made and acceded to Several lakhs yearly will be added to expenditure on Provincial Services, and will be, virtually, taken away from other branches which need the money much more And this is a financial consideration, which ought, I submit, to be looked to now

R T,—29-7-72

CHAPTER XIII

I agree on all points with His Excellency I only wish to add, with reference to Sir R. Temple's remark, that "we cannot at present alienate any part of Imperial Revenue," that we have, already, under the Resolution of 14th December 1870, made over to Local Governments, under certain conditions, nearly £700,000 of Imperial Revenue

J S,—29-7-72

H W N,—30-7-72

N or M,—31-7-72

A H,—31-7-72

I agree generally I have much doubt as to the permission to credit to Provincial Funds royalties on Quarries, and from local improvements Not that I think these concessions wrong in principle, but because it will be difficult, in practice, to keep in check claims of this sort upon Imperial Sources of Revenue, but if they can (as, perhaps, is possible) be placed under proper rules, there seems no objection

E. C B,—1-8-72

System of allotments for Provincial Services

THE HON'BLE SIR
RICHARD TEMPLE,
13th Sept 1873

Further extension
of the provincial
service system is
inexpedient, indeed
certain restrictions
are needed

I submit, for the consideration of His Lordship the Governor General and my Hon'ble Colleagues, a Note by the Financial Secretary, Mr Chapman, on various matters connected with the Allotments for provincial services, as His Lordship the Governor General desired that these matters should be taken up all together

As these papers are already lengthy, I will not add much to them, save a brief statement of my opinion by way of recapitulation

I am not prepared to recommend any extension of the Provincial Service System I see no need of, or advantage in, such extension, but, rather, possible harm to the Central Control and management of the Finances

I am not convinced that the Local Governments would, or could, improve any branch of Revenue by reason of their having a financial interest in its expansion

I think that the Government of India cannot afford to surrender its claim to all increases which may be obtained in the Revenues, by reason of its obligation to keep the finances in order, and to reduce or keep down the National Debt

One particular objection to making over any such branch in whole, or in part, is this, that any such arrangement would work very unequally in the different Provinces

Besides the general objection, I think that objections in detail come out whenever any particular branch of Revenue is considered

The Headings, however, to which there is less objection than to any other are those of Stamps and Law and Justice

If any branch were to be thus made over, it could not be excluded from the Receipt side of the budget The adjustments would have to be made on the Expenditure side

I think that no deviation should be allowed from the principle that additional allotments should not be made for Provincial Services, unless the purpose comes strictly within the category of those Services, that no such allotment should be made for any Service that may be in a strict sense Imperial, and that no Local Government should be allowed to incur a charge of an imperial nature on the understanding that the charge should be defrayed from Provincial Funds

There seems to me to be a need for rules to prevent Local Governments from pledging their successors to local expenditure to an excessive degree

The finance of provincial services is, indissolubly, connected with imperial finance This consideration necessitates a general watchfulness over provincial services on the part of the Government of India

It is manifest that the Local Governments must have command of the cash balances of their provincial services This is essential to the continuous existence of the Provincial Service System I would permit them to lend money for these Services in any case where they might, under rule, spend it I would allow them interest on a specified portion of their provincial balances which they keep in the General Treasury But I would not allow them to invest, whether in Government securities or other, any part of these balances I would not allow them to borrow on security of Provincial Funds Nor would I lend them anything on this security from the General Treasury

In these remarks I draw a clear distinction between Provincial Funds and Local Funds

I would not make any charge on Provincial Services for Pensions or Leave Allowances of officers employed thereon

The above points relate to general matters

On the points of detail mentioned in Mr Chapman's Note, I have to observe—

that Municipal Fines may be credited to Municipal Revenues,

that Excise Revenue of the seaports of British Burmah cannot be made over to Local Funds,

that a further Provincial Assignment might be made to Burmah if imperial finance shall admit of it,

that the transfer of Medical Services altogether to the provincial category cannot be effected, CHAPTER XIII
 that imperial dues on Quarries, Gravel-pits and the like ought not to be credited to provincial services, THE HON BLE SIR
 that nowhere ought a separate officer for Provincial Accounts to be allowed, R TEMPLE
 that a Financial Council cannot conveniently be allowed in any Lieutenant-Governorship 13th Sept 1873
 that we cannot make any general increase of Allotment to any Local Government,
 that special sums may occasionally be added on cause shown,
 that a moderate sum may thus be specially allowed to Madras for Light-houses and Light-ships

R T,—13-9-73

By desire of His Excellency the Viceroy the accompanying *précis* has been prepared of the answers to the Circular No 2019, dated 17th August 1872, by which opinions were called for upon the working of this Measure, and suggestions for its improvement. It seems right that the views of this Department upon the general questions raised, as well as upon the other connected questions awaiting decision, should be submitted to the Government.

Two general proposals may first be considered, *viz*

(I) That for the Fixed Allotment to each Province be substituted, either wholly or in part, the Revenue raised in each Province under some specified Heads, or a share in some, or all, of the Revenues so raised

(II) That more Services be made Provincial with an adequate provision for their support

The object of the proposal (I) to substitute Revenue for the Fixed Assignments is represented to be two-fold, *viz*

(1) To introduce an element of elasticity into the Resources of the Provincial Governments and

(2) To give to the Provincial Governments an interest in the development of the Revenues

As to the first object, all that need be said is that, as yet, the resources at the disposal of the Provincial Governments have proved, on the whole, sufficient for their needs. Upon the whole, the balances of the Provincial Governments have accumulated. They aggregated, on the 31st March last, about £1,000,000. Had it been otherwise, and had no economy been found possible, the Government of India must, probably, have given some aid.

But, so far as the argument means that it should be made more easy for the Provincial Governments to spend money, it appears unsound. It is also unsound in so far as it may tend to withdraw more public funds from the fundamental financial restriction by which savings are hypothecated for the reduction of debt, and are not available for expenditure otherwise.

The second of these arguments has been used more by Members of the Government of India than by the Local Governments, who, with the exception of the Government of Bombay, do not put it forward. It does not appear to be of much importance. Experience shows that, under the existing system, there is no lack of zeal and interest in the collection of the revenues.

Indeed, it may, perhaps, rather, be wise, on the part of the Supreme Government, not to take any step that may, at all, fetter its powers and influence in restraining the zeal of the revenue officers. There seems more need, as a rule, for the interference of the Supreme Government on the side of discretion, than in order to stimulate zeal. The principle and policy of, so to speak, farming the revenues to the Provincial Governments on a large scale, or "giving them an interest in their development" as it is called, appear questionable for more reasons than one.

The Government of India is, usually, much more conservative than are the Local Governments. Its traditions are much more steady and continuous than theirs, it is, habitually, more cautious, and acts under a much graver sense of responsibility. A chief defect in the Scheme of Fixed Assignments for Provincial Services as first issued was its recognition of the possibility of taxation by the Provincial Governments for provincial purposes. Fortunately, the prosperity of the Imperial Finances and the economical success of the new financial arrangements for Provincial Services has made actual Provincial Taxation little necessary, and the Imperial Government has reverted to its characteristic and proper rôle of discouraging such taxation.

I venture to think that it is better that the Provincial Governments should not have any direct or separate interest in the development of the Revenues, and that the Imperial Government should not part with absolute freedom of control over Taxation, or give to the Local Governments any share or separate interest therein.

I believe it to be a profound delusion to suppose that taxation is more acceptable from the hands of a Local Government than when imposed by the Imperial Government, or that, substantially, a Local Government can, or ought to, do anything to develop the Revenue which cannot be done under the existing system. On the other hand, I believe that the instinctive sense of caution and responsibility can never be so great in a Local Government which feels that it has the Government of India behind it, as it is in the Government of India which has no one at its back, and is answerable for the consequences of any policy that it may adopt. And there is probably no matter in respect to which caution is more vitally important, than the regulation of Taxation that affects the masses of the population.

So much for the general question. The embarrassments that may result from having to consider any claim or separate interest that may be given to the Provincial Governments in

FINANCIAL SEC
RETARY
5th Sept 1873

Whether an assignment of revenue should be substituted for a fixed allotment for charges

The measure of December 1870 having advisedly fixed for some years the expenditure for certain growing heads of charges, an allotment of revenue to facilitate growth of expenditure would be unsound, and it would infringe the principle by which surplus is hypothecated for reduction of debt

CHAPTER XIII

FINANCIAL SECRETARY,

5th September 1873

The older Governments would profit least by the transfer of revenue

respect to particular Heads of Revenue will appear upon examining the proposal, Head by Head, as will be done presently

Before doing so, I notice another general objection which, though it may seem, to some extent, to conflict with the arguments just used, nevertheless deserves attention. It is this: The Governments of those Provinces of which the revenues are the most fully developed, whether by successful administration or from prolonged British occupation, or from whatever cause, are precisely those which will profit least by the proposed arrangement. The force of this objection, also, will appear more fully in considering details. It might be met, more or less entirely, in two ways—*1st*, by giving *different* interests to the different Provincial Governments, and not insisting upon uniformity as to the Heads made over, or as to the shares given, and *2ndly*, by reserving power to re-adjust, from time to time, the share or interest given to each Government.

It would probably be found most difficult to maintain either reservation.

If revenue be made over, it should perhaps be transferred net

If Revenues are made over at all, I presume that they will be transferred *net*, and not gross, in other words, if any separate interest is given to the Provincial Governments in the Revenues, they must accept a corresponding responsibility for the cost of collection. The arguments of the Members of the Governor's Council at Bombay on this point should, probably, prevail over those of His Excellency the Governor.

Now to take up each Head in detail.

I—Land Revenue—This would appear, of all the Revenues, the most appropriate in which to give the Provincial Governments a share, and if the principle is adopted at all, I am not prepared to say that the Land Revenue should be excluded from any arrangements made.

Yet there are very serious objections to the transfer.

Whether any share in land revenue should be allowed to Local Governments?

1st—It is quite clear that the several Governments would profit in very different proportions. In Bengal, for instance, there is very little possibility of further developing the Land Revenue. Everywhere else, excepting in Burma, Madras and Bombay, the prospects of increase are limited, and more or less remote, and even, as between Madras and Bombay, it is certain that Bombay must profit far more than Madras, which has already reached a very high development. Accordingly, it is from Bombay, chiefly, that claims have arisen for a share of the Land Revenue. It is true that good theoretical arguments may be found for giving funds to the several provinces in proportion to the growth of their land revenue. But the theory, however correct, would not suffice to overcome the practical difficulties.

If the theory is accepted by the Government of India, then it must be prepared to allow free Provincial Taxation by Governments (like, for instance, that of Bengal), which would be left, otherwise, with the largest obligations and the smallest revenues to meet them. I fear the practical must prevail over the theoretical.

2nd—There are two great schools of opinion as to the proper principles upon which the land revenue should be assessed and levied.

One school argues that the British power in India rests upon the basis of the contentment of the masses of the agricultural population. For this reason, and because it considers that the land bears a large enough share of the public burdens already, and that no theory, however correct, will reconcile people to a sudden increase in their payments into the public treasury, or make such increase otherwise than a hardship, this school (which is now, perhaps, in the minority) advocates a studied moderation in the assessment of the land revenue.

The other school argues that the bulk of the revenue of India must always be raised from the land, that the Government has a clear fundamental right to share in the increased value of the produce of the land, and that it is treason against the State not to exact this right fully at each re-settlement.

It appears to me extremely important that the Provincial Authorities, who, chiefly, have to hold the balance between these conflicting schools of policy, should not be biased by any, so to speak, selfish interest in the increase of the land revenue.

And, also, that the Government of India, in directing the national policy upon these great questions, should be free from having to consider, in any way, embarrassing Provincial Claims and Interests. In short, it is important that there should be no temptation to the Local Governments to treat the great question of the Land Revenue Policy exclusively from the financial point of view. Certainly, the Government of India ought, never, so to treat it.

3rd—If a share of the Net Land Revenue is given to the Provincial Governments, the charges for the Settlements and for the Revenue Surveys must be excluded. These charges are temporary, though they may last long, and we must not give to Local Governments a *permanent* Assignment for a temporary Charge. In the same way, I doubt whether the payments to village officers, &c., in Bombay should not be excluded from any arrangement made. The charge for such officers varies too much, and is, on the whole, diminishing.

Or in Tributes?

II Tributes—It would seem out of the question to give to the Local Governments any share in these revenues. They are either absolutely fixed, or subject to variation upon political considerations only.

Or in Forests?

III Forests—It seems very doubtful whether these Revenues, or any part of them, should be surrendered to the Provincial Governments. The Forest Department is not managed chiefly, if at all, in the fiscal interest, and the influence of mere financial considerations in the Department ought not, perhaps, to be increased. Again, the Forest service is, saving in Bombay and Madras, a Department in itself, the Government of India ought to be able to distribute the officers, as it pleases, without considering the interests of Provincial Finance.

Or in Excise?

IV Excise—Like Land Revenue, this head would appear, at first sight, very suitable for

transfer, wholly or in part, to the Provincial Governments Yet, here again, there appear many objections

1st —The Excise Revenue is very much more fully developed in some Provinces than in others In making it over, therefore, comparatively little would be given to such Provinces, and those, perhaps, the most deserving, while most would be given in the Provinces where least had been done to improve the revenue

2nd —Here, again, it seems of great importance that financial considerations should not prevail over moral considerations, and that the Government of India should not be embarrassed in any line of policy that it may adopt by separate Provincial financial interests

3rd —The connection between the opium Revenue and the Excise Revenue is, at some points, intimate, it is of consequence that no step which may, however remotely, affect the Opium Revenue should be taken without the full and unembarrassed consent of the Supreme Government

V *Assessed Taxes* —No assessed taxes are left, saving the Burmah Poll-tax, which is classified (erroneously I think) under Land Revenue If that scientifically bad tax is to be kept up permanently, I see no objection to the Provincial Government sharing it But I hope, and expect, that the Burmah Poll-tax will not last permanently It may, some day, prove embarrassing if we now create a separate Provincial interest in it

VI *Customs* —There are particular objections to giving to the Provincial Governments any separate interest in this branch of revenue

1st —It is impossible to distinguish the amount of customs duty derived from each Province

2nd —The Provincial Governments can, scarcely, influence this Revenue at all

3rd —The Government of India ought to retain absolutely in its own hands the unfettered power of raising or lowering the duties at discretion without regard to separate Provincial interests for instance the Export Duty on grain

VII *Salt* —The same objections apply with even stronger force

Or in Salt?

1st —No one can say, with accuracy, what Salt Revenue is paid by each Province

2nd —The Government of India ought to have entire power to regulate the Salt Duties, as it pleases, without considering how any separate Provincial interests are affected

Consider, for instance, such a question as the removal of the Lane in the Central Provinces, or the construction of a Railway to some salt source Many such measures may, immediately, affect the distribution of the Revenues among the Provinces It is highly inexpedient that the already great difficulties of dealing with this important question should be increased by new complications

VIII *Opium* —I cannot suppose, for an instant, that the Government of India will think of creating any separate provincial interests in this great Revenue, though His Excellency Sir P. Wodehouse proposes it I would maintain it strictly Imperial under all circumstances

Or in Opium?

IX and XIII *Stamps and Law and Justice* —I do not at present perceive any particular objections to making these Revenues Provincial But we should have to provide for uniformity of practice as to discount on sales, &c, and to reserve the present power to the Government of India to alter the law at discretion, as good policy may appear to require I see no advantage in making these Revenues Provincial

Or in Stamps and Law and Justice?

X, XI, XII, XIV, XV, XVI, XVII *Mint, Post Office, Telegraph, Marine, Interest, Pensions, Miscellaneous* —It seems out of the question to make any one of these classes of receipts Provincial They seem all, from their nature, so clearly Imperial, that I do not stay to examine them in detail I can give detailed reasons for my opinion if called upon

Or in various other heads?

It appears to me then—

1st,—that separate financial provincial interest can be created only in the following heads—

Summary of conclusions

Land Revenue (including Burmah Poll-tax),

Forest,

Excise,

Stamps,

Law and Justice

2nd,—that there are very strong objections against so treating any Heads whatever but Stamps and Law and Justice and

3rd,—that it would be far better to keep even these Revenues Imperial

In short, the proposal to create separate Provincial Interests in the Revenues at all appears to me open to grave objections, and I would not hesitate to reject it

If, however, the Government resolves to adopt it, we must not strike off the provincial share of the revenues from our Imperial Estimates and Accounts, thereby destroying their completeness, but show, as we do now, the whole revenues levied, and adjust the Assignment on the other side of the Account

We were probably wrong, before, in reducing the Imperial Receipts by the Receipts transferred It might have been better to have continued to show the Accounts Gross

If, however, it is thought desirable to give the Provincial Governments any interest in the Revenues, I submit that the best and simplest plan will be to divide among them a percentage of any Surplus upon the whole Ordinary Account actually attained, say one-tenth

The distribution might be made upon the plan upon which the reserve for miscellaneous and unforeseen charges was distributed, viz, after considering Area, Population, Revenues and Charges

CHAPTER XIII

FINANCIAL SECRETARY,
5th September 1873

Whether additional heads of service should be transferred to provincial funds?

Whether savings at the end of the year should not revert to Local Governments?

Whether charges of collection should be made provincial?

Whether parts of grants should be transferred in any case?

I do not advocate any thing of the kind, on the contrary, I deprecate it. But it appears to me to be the least objectionable method of meeting the claim made. Of course, the Provincial Governments would, in such case, also have to pay up one-tenth of any Deficit. The other principal question may now be considered, viz "Is it advisable to make Assignments to the Provincial Governments for other Services besides those already made over to them under contract?"

One or two general objections may, first, be stated. I. According to the present system, one practical effect of constituting any Service a Provincial Service is, that it no longer appears as a Separate Service in the Imperial Accounts. The Imperial funds expended upon it are only shown as included in the Lump Assignment for all Provincial Services. It is true that a Subsidiary Account is given of the Expenditure of this Lump Assignment, and of any other funds that are devoted to Provincial Services, and from this Subsidiary Account the whole Imperial Money spent upon each separate provincial service can be readily ascertained.

We have not, indeed, yet got this Subsidiary Account into thorough working order. It is both rather in arrears and somewhat imperfect. The cause of this is, that it has been found inexpedient to maintain the original design which was that no distinction should be made, in these Subsidiary Accounts, between Local Funds and Provincial Resources, but that they should show the whole public money of all sorts spent upon each Service.

The object was evidently desirable, but experience shows that it is still more necessary to present these Provincial Accounts so that they shall be strictly comparable with the Assignments made and with the Imperial Accounts as kept under the old system. Local funds, therefore, are, now, carefully eliminated. The change of practice has caused temporary confusion and delay, as such changes always do. Presently, the Subsidiary Accounts will give the information excluded from the Imperial Accounts with completeness. Still, people will not readily consult Subsidiary Accounts, and the disadvantage of excluding any of the old-established Heads of Service from the Imperial Accounts is sufficiently substantial to deserve distinct recognition.

II. There is, in the principle of making Fixed or Contract Assignments for particular services, a financially unsound element, which should be carefully considered whenever any extension of the system is contemplated. It is thus the system involves the surrender for current expenditure of savings which are properly hypothecated to counteract deficits, either past or prospective. The general rule by which the unspent portion of Grants of public money, lapses at the end of each financial year, though it has its disadvantages, is yet, on the whole, strongly conducive to sound finance involving continual restrictions upon Expenditure.

One of the essential and most popular features of the System of Assignments for provincial services is, that it relaxes this wholesome regulation, the very disagreeableness of which is strong evidence of its usefulness. Sir Philip Wodehouse would give up the relaxation, but I fear this is not possible,—the System of Provincial Assignments is founded upon it, and its elimination might lead to the collapse of the whole Measure.

At the origin of the System of Provincial Assignments, this relaxation was counterbalanced by withholding a certain percentage of the whole Assignment which experience has shown to be not very different from the Savings possible. It is probable that this *discount* (as it may be called), together with the limitation of the public expenditure upon some very clamorous Services, made the arrangement, on the whole, financially good. It is not, however, proposed that any "discount" should be taken in respect to any other Services that may be made over, while the savings on some of them are habitually large.

It is almost certain, therefore, that there will be financial loss upon the transfer of any more Services, hardly to be balanced by the solitary advantage of placing a rigid limit upon the expenditure upon them.

It should be considered, if any further transfer is made, whether it would not be right either to deduct a percentage for expected savings, based upon the experience of the past three years, or to base the assignments upon the average *actual* expenditure of the past three years, and not upon the Grants.

III. It seems, for two reasons, especially doubtful whether the expenditure for the collection of the revenue should be made provincial.

(1) The Imperial Government ought to have full control over this portion of the administration. The integrity of the revenue should not be exposed to the most remote risk, from any uncontrolled proceedings of the Provincial Governments.

(2) The revenues and the expenditure, upon their collection ought, certainly, to appear in the same Account side by side. It ought not to be necessary to refer to a Subsidiary Account in order to find the cost of collecting the revenue. One of the Accounts which has always been presented to Parliament gives the *Net Revenue*. It will be a completion if the collection charges are Provincial and the Revenue Imperial. Certainly no collection charges must be made Provincial without the special authority of the Secretary of State.

IV. Another preliminary suggestion is, that any further transfer should be by whole grants, no part of a grant should be transferred. The Rule has been, fairly observed hitherto, the chief exceptions being—

(1) *Medical Services*, the expenditure on which is at present, half imperial, and half provincial. It is proposed to make it wholly provincial, though there are serious difficulties in the way. This matter will be referred to again.

(2) *Jails and Registration* were separated off from *Law and Justice*, but these had always been distinct Sub-heads, and they are self-contained Departments.

(3) *Public Works*—Here, again, the expenditure is half Imperial, and half Provincial. It was impossible to make the expenditure on military works Provincial, and it was thought proper to reserve as Imperial the works affecting the Imperial Revenues.

(4) *House-rent and Petty Construction and Repairs*—These items were found to be so closely connected with Public Works Expenditure, that it was thought better to let them follow the portion of that expenditure made Provincial.

Saving, however, for such exceptional reasons, no Head of Account ought to be broken up, or made partly Imperial and partly Provincial.

Now, turning to details, it will, probably, be evident *at once* that none of the following services can be made Provincial.

- 1 Interest on Registered Debt
- 2 Interest on Service Funds and Other Accounts
10. Opium
- 12 Mint
- 13 Post Office
- 14 Telegraph
- 20 Political Agencies
- 21 Allowances and Assignments
- 22 Furlough and Absentee Allowances
- 23 Pensions, &c
- 24 Loss by Exchange

The other Heads must be considered more closely. My remarks will be subject, throughout, to the reservation that they are made upon the supposition that the General Preliminary Objections are overruled and set aside.

3 *Refunds* must obviously follow the Heads. If they are returned as Imperial, the refund must be Imperial also. If any revenues are made provincial, the connected refunds should be provincial too.

4 *Land Revenue*—It seems clear that, at any rate, the expenditure on Revenue Surveys and Settlements, which is temporary only, should remain Imperial, otherwise this Service seems as suitable for transfer as any other like Head.

5 *Forests*—For the reasons given under this Head of Revenue, it seems specially doubtful whether this should be transferred. The administration of this Department, of all others, should be under uniform direction, and it should not be dealt with chiefly on financial considerations.

6 *Excise*—As suitable for transfer as any other cognate head.

7 *Assessed Taxes*—Obsolete for the present.

8 *Customs*

9 *Salt*

} Cannot, it is submitted, be made Provincial, for the reasons for which the revenues cannot be so treated.

11 *Stamps*—As little objection to make this Provincial as there is to so treating any head.

15 *Administration*—This Head, too, seems as suitable for transfer as any one, but the Account Department must remain Imperial.

16 *Minor Departments* cannot, without great inconvenience, be made provincial. The expenditure under this Head is, chiefly, for the great Scientific Departments—the Trigonometrical, Topographical, Geological, Statistical, Archaeological Surveys, &c. Such services cannot be broken up among the Provinces.

17 *Law and Justice* is as suitable for transfer as any other Head, but must not be made over unless land revenue is transferred, as a great part of the expenditure incurred for the two departments is common to both, and more or less arbitrarily divided between them. The financial control in both departments must be in the same hands.

18 *Marine*, like the corresponding receipts, can hardly be made Provincial, save under some special arrangements.

19 *Ecclesiastical*—No special objection to making this Service provincial in Bombay and Madras. But the rest of India is served by one Ecclesiastical Department, and Burmah is provided for from Madras. As the promotion of the Ecclesiastical Officers depends upon their standing, and officers are posted at the discretion of the Bishop, without any necessary reference to their standing, it seems impossible to make any satisfactory settlement with the Provinces of the Bengal Presidency or with Burmah for this Service.

25 *Miscellaneous* is unimportant, but, for various reasons, cannot conveniently be made provincial.

Upon the whole, it is evident that very few Services now Imperial can be made Provincial without more or less grave objections.

It is my decided opinion that no further transfers should be attempted.

So far as I know, the trouble caused by the detailed intervention of the Imperial Government in respect to Services now Imperial is unimportant. As to the General Administration, the Government in the other Departments will know whether the Supreme Government should abdicate any part of its functions in respect to Services now Imperial.

I proceed to note the several questions relating to the System of Fixed Assignments for provincial services, which have been, from time to time, reserved for decision until there should be a general review of the whole System.

1st—Will the Government of India restrict the discretionary powers of the Provincial

CHAPTER XIII

FINANCIAL SECRETARY,

5th Sept. 1873

Heads of service which cannot be made provincial

EXPENDITURE

Whether Refunds can be transferred to provincial?

Or Land Revenue?

Or Forests?

Or Excise?

Or Customs and Salt?

Or Stamps?

Or Administration?

Or Minor Departments?

Or Law and Justice?

Or Marine?

Or Ecclesiastical?

Or Miscellaneous?

Summary of conclusions

CHAPTER XIII

FINANCIAL SECRETARY,
5th September 1873

Whether provincial funds should be expended on any service which has not been transferred to those funds?

Governments in respect to Provincial funds to the Services which are Provincial, and for which provision has been made by an Assignment of Imperial Funds?

The question has arisen chiefly in Bengal (*see papers marked A*), where the Lieutenant-Governor has undertaken an expenditure of about £10,000 a year from Provincial funds for strengthening the Subordinate Executive Service

It is true that this was sanctioned by the Government of India, and that the question under discussion does not suggest that the Government of India should not retain the power of allowing such expenditure, yet it does seem highly expedient, *1st*, that the Government of India should specially prohibit any such expenditure by the Provincial Governments, save with imperial sanction, and *2ndly*, that such sanction should be given very rarely, *never* without full proof that the funds necessary for the expenditure are forthcoming, *permanently* if the expenditure is *permanent*, and, above all, never with the view of relieving the Imperial Exchequer, or shunting on to the Provincial Revenues, expenditure which is imperial in its character

The permission to charge the Provincial Resources of Bengal with £10,000 a year for improving the Subordinate Executive Service (a purely Imperial Service) was given in the face of the respectful protest of this Department, and, so far as is known in this Department, without requiring any evidence that the Provincial Revenues could, permanently, bear the burden

It is clear that if a Governor or Lieutenant-Governor is allowed to pledge the Provincial Revenues in this way, he may bequeath unlimited financial obligations to his successors, for the discharge of which the Supreme Government will, assuredly, have eventually to provide

I apprehend that there is ample scope, in the services transferred to absorb all the Provincial Revenue, even though, by some unexplained process, they should double, and that the demands of these Services are certain so to overtake the Assigned Resources, that it must be quite unsafe to pledge any part of these resources otherwise

One of the most vulnerable points in the system is the facility that it affords to the Government of India for shunting on to the shoulders of the Provincial Governments the obligation of providing funds for necessary public services. The Resolution of December 1870 did distinctly contemplate the relief of the Imperial Finances by, if need be, an increase of Provincial Taxation. But the Imperial Finances have not, since 1870, needed assistance from Provincial Resources, and the policy of the Government of India is now, very distinctly, to discourage, perhaps almost to prohibit, Provincial or Local Taxation

Consistency seems to require that the existing funds of the Provincial Governments should be strictly reserved for provincial services, and that no demand whatever should be made upon them for any Imperial Service. It is submitted that the Government of India should be sensitively jealous upon this point

It seems very desirable that, even now, the £10,000 paid by Bengal for the Subordinate Executive Service should be charged to Imperial Funds, or covered by an addition to the Assignment. And, in future, if it be found necessary or expedient that any Imperial Charges should be defrayed from Provincial Funds, this should be effected by diminishing the Provincial Assignment, and not by debiting any Imperial Charge to Provincial Funds

Whether any measure chargeable to provincial funds, but involving new and lasting financial obligations, should be carried out by a Provincial Government without the sanction of the Government of India?

2nd—Even within the transferred Services, it seems important that the Provincial Governments should not be allowed to undertake any measure involving *new* and *lasting* financial obligations without obtaining the previous sanction of the Government of India

A case in point, is Sir G. Campbell's scheme for spending £40,000 a year, and perhaps a great deal more, upon Vernacular Education. Sir G. Campbell undertook the scheme, avowedly, without providing Ways and Means for it permanently. It seems out of the question that such financial imprudence should be allowed to continue or recur. Other cases in point are the proposals to establish a School of Industrial Art in the Punjab and a Vernacular *Moniteur* at Patna

Another very small case in point will be found in a demi-official letter from the Accountant-General, North-Western Provinces, dated 18th August 1873, informing me of the grant by the Government, North-Western Provinces, of a permanent allowance to the Allahabad District Charitable Society—a grant in itself unobjectionable

The ground upon which I suggest that the Government of India should require a reference to itself in respect to all such cases, say in every case in which a new expenditure of not less than Rs 250 a month to last for not less than five years is proposed, is as follows

If by any such proceedings, for example, by the large obligations undertaken by Sir G. Campbell's Government in the matter of Mass Education, a succeeding Provincial Government is brought into embarrassment, then, it is the Government of India that must rescue it

The fact is, that the Government of India cannot, really, divest itself of responsibility for the Provincial Finances. After all, the Provincial Governments are only its Agents, and it ought not to leave its Agents without proper control

May the Provincial Governments lend or invest provincial and local funds?

3rd—Are the Provincial Governments to be allowed to *lend* or invest Provincial and Local funds?

The papers on this subject are put up marked (C). The notes showing the questions awaiting decision are in print, and I need not recapitulate. The Governor General in Council has already agreed, though with some reservation on the part of some Members, that a Provincial Government may lend money whenever it may *spend* it. The Financial Member had it in charge to draw up a rule, but this has not yet been done

Practically, the question has not *pressed* for solution. But it would be well, perhaps, to solve it after consulting the Provincial Governments

4th —Will the Government of India undertake to bear the Pensions and Absentee Allowances of officers paid from Local Funds, whenever, with the sanction of the Government of India, such arrangements have been made that the distinction between Provincial and Local Funds is lost in respect to any work or any salary?

I think that this must be allowed. But the policy now is to prevent the confusion of Local and Provincial Funds.

5th —May fines levied under Section 34, Act V of 1861 (for committing Nuisances) be credited to Municipalities?

There appears to be no objection to this.

6th —May the Excise Revenue of the towns of Rangoon, Moulmein and Akyab be made over to the Local Funds of those towns?—

We are, on the whole, opposed, in this Department, to any assignments of this kind from Imperial Revenue.

7th —Can any special help be given to Burmah?

The special need of Burmah has been, more or less, admitted. The Hon'ble Mr Ellis has proposed to allot one-eighth part of the capitation or poll-tax, on the ground that the existence of this tax drains Provincial Revenues. Personally, I would not very strongly object to this, provided always that a free discretion be reserved to abolish the Poll-tax, or modify it at discretion.

8th —Can the remainder of the head "Medical Services" be transferred to the category of provincial?

The papers are in the Home Department. The transfer has actually been made upon the *Estimates* of 1873-74, but a difficulty has arisen in carrying it out, in that the pay and allowances of covenanted medical officers are fixed in the Military Department, and are beyond the control, in any way, of the Provincial Governments. In the smaller Administrations especially, this fact may, from time to time, vary the cost of this Service so much, that it will perhaps be necessary to give up the idea. The obstacle is analogous to that found in this Note to the transfer of the Ecclesiastical Service.

9th —May the Government of Bombay appropriate to local funds the fees, hitherto credited to Imperial Revenue, for removing stones and gravel from beds of rivers, and for quarrying stones?

The item is not large, but there seems some objection to giving to Local Funds, revenues not raised at their expense, and not *specialty* connected with them.

10th —Should Bengal be allowed a separate office for the Provincial Accounts?

This should, it is submitted, be refused. It is of the utmost importance that the Account Department should be under uniform direction, and it would be most objectionable to allow independent Offices of Account for Provincial Services. Further, it would be very extravagant to do so. There can be nothing in the mere separation of provincial services from the rest to require the constitution of separate Offices of Account. The delays of which the Bengal Government complains are due to the Lieutenant-Governor requiring new combinations of figures and new arrangements of Accounts. Any change of accounting procedure, or any fresh compilations, must inevitably cause delay. This is constantly overlooked by those who call for Returns and the like. Figures are susceptible of an almost infinite number of combinations, but of course only a few combinations are kept ready, and if fresh compilations are, inconsiderately, demanded, enormous labor and much disappointment will result. Sir G Campbell would find himself as badly off with a separate Office as with a share in ours.

11th —Should a Financial Council be appointed to assist the Lieutenant-Governor of the North-Western Provinces, as has been several times pressed by His Honor?

The proposal has hitherto been negatived.

12th —The Government of Bombay has twice complained that their assignment is insufficient. The cases await disposal, and are put up with a draft on each.

13th —The Government of Madras alleges that its assignment is insufficient to provide for the construction of light-houses and the purchase of light-ships.

It will be difficult to make any concession here without departing from the whole basis of the Assignments. Perhaps, however, the case might be dealt with as one of extraordinary and non-recurring expenditure, and a special grant made, such as the £30,000 which was offered to Bengal for the canal at the head of the Damoodah.

CHAPTER XIII
FINANCIAL SECRETARY
5th September 1873

Miscellaneous matters

Can the remainder of the head Medical Services be transferred to Provincial?

Minor matters

Should a separate office be allowed for provincial accounts?

Should a Financial Council be allowed to the Government North Western Provinces?

Miscellaneous matters

R B C,—5-9-73

CHAPTER XIV.

COMPULSORY IRRIGATION RATES ON LAND

CHAPTER XIV *Memorandum, dated 17th April 1867 by Colonel R STRACHEY, R E, Inspector General of Irrigation, on the extension of Irrigation in Guzerat, Khandeish, and the Deccan.*

COLONEL THE
HON'BLE R
STRACHEY, R E

17th April 1867

For the Government to compel the cultivators to use water at its own price would be utterly indefensible, and contrary to every principle of good government

27 In connection with this portion of the subject, I may further observe that I am under the impression that a proposal has been made in some quarter to the effect that, on the completion of any new irrigation work, the cultivators should be required to make use of the water, and should be charged for its use, whether they desired to have the water or not. I cannot avoid expressing, in the most distinct manner, my own disapproval of any such procedure, and I feel assured that the Government of India would much prefer to leave the utilising of the water, and the full realisation of the returns from irrigation, to take place by a regular and natural spontaneous growth. It is almost certain that the demand for water will, in a very few years, far exceed the power of supplying it, and there is much danger of committing great injustice by attempting to force the introduction of irrigation prematurely. To bring about any sudden change in the practice of agriculture by anything like compulsion, would be a dangerous step, to say the least of it. To argue that, because the Government has spent money on these works, mainly to benefit the cultivators, it has therefore acquired the right to compel the cultivators to use water at its own price—for the proposal to which I have referred pretty much comes to that—is to take up a position utterly indefensible, and contrary to every principle of good government. I cannot say that I have any cause to suppose that the Government of Bombay has entertained such a proposal as this, and in the case of the new canal, drawn from the Girna in Khandeish, the option of using the water or not has, I understand, been left entirely to the cultivators. But the objections to attempting to force on the practice of irrigation, though dictated, no doubt, by a good motive, are to my mind so great, that I have thought it necessary to draw attention to the matter at the risk of combating a view which was not at all likely to receive any support.

NORTHERN INDIA CANAL AND DRAINAGE BILL

No 4, dated 11th January, 1870

From—Her Majesty's Secretary of State for India,

To—The Government of India

I have had under consideration in Council the "Northern India Canal and Drainage Bill, 1869," copy of which was enclosed with your Excellency's Legislative despatch No 22 of 18th October last. You have already been informed by telegram that great objections are entertained by me to Section 56 of the Bill, which declares that "if at any time, not less than five years after the commencement of irrigation from any canal, the average net revenue in the three next preceding years realised by the Government from the use of the water thereof, and including all sources of income dependent on such canal, and deducting all charges for maintenance and management and working properly debitable to the Revenue account of the same, shall not amount to a sum equal to seven per cent on the capital expended on the said canal, the Local Government may charge, on the lands irrigable by the water of such canal, but not paying any water-rate therefor, such a yearly rate or rates as shall, when added to the net yearly estimated income, reckoned as aforesaid, produce a total amount as nearly as may be equal to seven per cent on the capital aforesaid."

2 I will now explain in what my objections to this Section consist.

3 The object of the provision in question is to enable Government to secure itself against pecuniary loss in the event of a canal proving a financial failure. Such failure might ensue from three causes. A canal might not be able to supply, for irrigational purposes, the expected quantity of water, or, the expected quantity being available, cultivators might decline to avail themselves to the expected extent, or excessive costliness of construction might, in order to render a canal remunerative, necessitate the imposition of higher rates than cultivators could afford, or would voluntarily pay. In the first case, under the proposed Enactment, the loss consequent on having engaged in an unsuccessful speculation would fall, not upon itself, but upon the cultivators, whom it had disappointed. In the second, cultivators would be forced to pay for water for which they had no use, or, at any rate, were not disposed to use, possibly, no doubt, from imperfect appreciation of the value of irrigation, but quite possibly also from a perfectly intelligible desire to have part of their land under dry crops, instead of all under wet. With regard to the third, none can require less than your Government, to be reminded how prone to become excessive guaranteed expenditure always is, and under the provisions of the Bill all expenditure on Government canals would be guaranteed.

4 To this alone there would be no objection if the guarantee were given voluntarily. But here the guarantee is to be extorted compulsorily. The inhabitants of a District are not to be asked, beforehand, whether they desire irrigation or not. The Government alone is to judge whether irrigation is desirable. It alone is to decide arbitrarily whether an irrigation work shall be constructed, but the landholders, and not the Government, are to be responsible, in the event of the latter's committing an error of judgment. There is little analogy between a plan like this and that under which County Cesses are levied in England and Ireland, for those by whom these Cesses are imposed, besides being themselves Cess-payers, represent theoretically, if not really, the great body of Cess-payers, who are assumed consequently to have given their assent by proxy. The outlay to which they are subjected has been undertaken by them voluntarily, and in the event of its proving unproductive, they have no pretext for considering themselves aggrieved.

5 These considerations would, in my opinion, go far towards neutralising any recommendations which the proposed enactment might otherwise possess, but I am greatly in doubt whether it is really calculated to serve any useful end. To force irrigation on the people would be not unlikely to make that unpopular which could, otherwise, scarcely fail to be regarded as a blessing, and which, as all experience shows, Indian agriculturists, if left to themselves, are sure duly to appreciate, sooner or later, and seldom later than the first season of drought that occurs after irrigation has been placed within their reach.

6 From what has been said, it will be inferred how anxious I am that the proposed Bill should receive the careful consideration of your Excellency in Council. The object aimed at by your Government in the Section above referred to is obviously that of adjusting the burden of interest on loans raised for State irrigation works, and transferring it from the shoulders of the General Tax-payer to those of the Communities for whose special benefit the works are severally undertaken, in the value of this object, as far as it can be justly and conveniently attained, I entirely concur, and it will, therefore, be satisfactory to me to learn that the Section to which exception has been taken can be so far modified as to obviate my objections. I may suggest one alteration, which might render it, comparatively, unobjectionable. At present, as explained above, the great fault to be found with it is the compulsoriness of its provisions, but, if no irrigation work were undertaken till the consent of a certain majority (perhaps two-thirds) of the population likely to be affected by it had been obtained, all objection on that score would disappear. Even then, however, a preferable arrangement to that which is contemplated by the Bill would, perhaps, be one to which allusion was made by your Government, when commenting on the Revenue report of the Irrigation Department of the North-Western Provinces for 1867-68, according to which, cultivators, instead of paying in proportion to the quantity of water taken by them, that is, more in a dry year and less in a wet one, would be assessed at an equal rate per acre of their irrigable land in all years. By this means, both the cultivators and Government would gain in some years and lose in others, but the gains and losses of each party would, on an average, balance each other. It would, however, no doubt, rest with Government to fix the Rate, and whatever rate, according to the data available for calculation, seemed necessary to yield the desired percentage on the cost of the canal, that rate might be fixed accordingly. This course would probably be less unpopular with the Rate-payers than that of making them pay more in certain years, in order to make up for the deficiency of their payments in previous years.

Colonel the Hon'ble R. Strachey, R. E.—The Sections which relate to the imposition of a rate on land irrigable from a canal, but not irrigated, contain the substance of the plan thought most suitable for giving that financial security for the payment of the interest on the capital invested in these works, which the Government considers of the greatest importance. The proposal is that if, after a canal has been open for five years, the average nett revenue does not amount to seven per cent on the capital, a general rate may be charged on all land irrigable from the canal, though it be not actually irrigated, of such an amount as will bring up the whole nett revenue to seven per cent on the capital. Such a proposal is novel in this Country, and therefore, at first, likely to be viewed with some hesitation. But the Government has thought it to be the most likely method of arriving at a final conclusion which shall be generally satisfactory, to make a definite proposal in the form which, on the whole, seems best suited to meet the requirements of the case, and to endeavour to remove any valid objections that may be taken to the plan, and to adopt any improvements that may be suggested in course of discussion. These parts of the Bill, no doubt, require, and will receive, special attention from the Council, and, so far as such a course may approve itself, simplicity may be secured by leaving to the discretion of the Local Government, to be dealt with under Rules, matters which are specifically dealt with in the Bill as now framed.

Major-General the Hon'ble Sir Henry Durand said that it was not his intention to oppose the introduction of the Bill. His object was to guard himself against its being supposed that, as at present informed, he entirely approved of its principles. One of these was an important one, and, with respect to it, he wished it to be understood that he reserved to himself the right of rejecting or of accepting it. He adverted to the somewhat arbitrary powers taken by the Bill for the imposition of a water-rate upon irrigable lands, whether water be taken or not, when the revenue return upon irrigation works fell short, within a fixed period, of a certain percentage on the outlay. This was a principle which would demand a careful scrutiny in its application when the Bill had to be considered in Committee, and he suspended his own decision even to the admission of the principle, until he saw how it was applied and dealt with. For he observed that, under the powers taken, there was no security for the people exposed to the incidence of this Water-Cess against their being, in fact, made to pay for failures—

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for projects ill-considered and ill-carried out. At the same time he observed that the Bill was permissive, rather than absolute, on this point. A Lieutenant-Governor might levy the Water-rate after the prescribed period of short receipts, and the responsibility was thrown upon him of deciding whether or not to impose the Cess. The instruction to do so was not positive, but left him a wide discretion. Under these circumstances, he was not disposed to object to the leave asked to introduce the Bill.

He must, however, remark that he should have preferred that the opinions of the Lieutenant-Governors upon this point of a water-rate impossible on irrigable land had been before the Council. The Statement of Objects and Reasons informed us "that this proposal had been introduced into the Bill by the Government of India since it was submitted to the Local Governments, and that they have, therefore, had no opportunity for expressing their opinions on the very important questions it raised." The foregoing was written on the 21st of last September, and, in the interval of four months, that the Bill had been before the Public, the Local Governments had had the time necessary for the consideration of the provisions of the Bill. He was not aware whether they had communicated their views or not. But, as they had had the opportunity of so doing, the fact that the Council was not in possession of their opinions on this principle, which involved such weighty considerations, did not seem to him sufficient to raise an objection to the introduction of the Bill.

He contented himself, therefore, with guarding, by these remarks, against its being understood that the admission of the Bill pledged him to uphold this principle and the provisions based thereon. He held himself free to accept or reject them, uncommitted by the leave to introduce the Bill.

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OHEX,
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Colonel the Hon'ble R. Strachay, R.E.—Before proceeding further to comment on the details of the measure, it would be convenient if he (COLONEL STRACHAY) said a few words as to the general position which the Government accepted in carrying out irrigation works, in relation both to the General Community of Tax-payers and the particular Community for the special benefit of which the works were constructed. The water, as already said, had become the exclusive property of the State. But, in the nature of the case, this property could only be utilised in one way, and in a special locality. It was apparent, therefore, that the State could only act, in the management of the property, as a trustee for the Community residing in this Locality, and that this Community in fact possessed, in its collective form, the right to enjoy whatever advantages could be obtained from the water. This indicated the first obligation on the Government in relation to canal-management, that the water should be, as far as was practicable, so distributed as to give the greatest general benefit to the agricultural population in the Districts to which it could be taken. This distribution, however, should be so regulated as to produce, on the whole, the best results in the aggregate, and it might, quite possibly, be necessary to limit the sub-division of the water, or the extension of its use, so as to avoid waste, which, otherwise, must arise, to an objectionable amount. Further, it was to all persons who might benefit by the use of the land that could be irrigated that attention must be paid, whether they were proprietors or only occupiers.

Next, it appeared that the Government undertook the works either with funds supplied from the General Revenues of the Country, or with money borrowed on the general credit of the Country. For the use of these funds, it was clear that the particular part of the community that benefited by the works should make a suitable contribution, in the shape of interest and profit, to the General Revenues. The precise amount of this contribution it would not be easy to define, but it should apparently be sufficient to cover the direct outlay of the State, in connexion with any Loan specially entered into to admit of the works being carried out, and should not be in excess of the sum which could be paid without placing the Locality benefited by the works in a worse position as regarded the aggregate demands made upon it by the State than that in which other Districts were placed. The State might, properly, assist any Section of the Community in obtaining special advantages, subject to the condition that the ultimate burdens on all classes of the tax-paying Community might, as nearly as possible, be equalized.

He (COLONEL STRACHAY) was aware that this did not give a very valuable practical criterion of the limits that should be placed to the charges made by the State for the use of irrigation works constructed at the public cost and risk. But it, at all events, indicated that the idea of working such undertakings so as to give the greatest possible mercantile profit was not to be accepted without many large reservations. On the whole, however, there was no great risk of the Government ever attempting to strain its powers of extracting too large profits from irrigation works. Moderate charges, with a wide diffusion of the benefits of irrigation, would certainly give the results which would be most satisfactory to the Government and the people, and be most conducive to such financial success as the conditions of the undertakings required.

The second important change which the Bill proposed was to permit of a compulsory rating of land which was irrigable from a canal, but not irrigated, if, after the lapse of a certain period, the net income was not sufficient to cover the charge for interest on the capital expended on the works.

The object of this part of the Bill was evident, and all that he need say on the subject was to explain, more fully, the considerations which had appeared to justify the proposal and to meet the objections that had been made to it.

The events of the last few months would, he should imagine, have satisfied every one in the Council, that the greatest caution would be necessary in carrying out the extensive systems of public works on which the Government had recently embarked. The financial consequences depending on the expenditure of the very large sums of borrowed money that would be applied to the irrigation works and railways which the Government was about to undertake, were

It was clear that the particular part of the community that benefited by an irrigation work should make a suitable contribution, in the shape of interest and profit to the general revenue

The financial consequences of the very large sums of borrowed money that would be applied to the irrigation works

extremely serious, and financial disaster and collapse of a very alarming character might readily follow an inconsiderate line of action in such operations. The necessity for giving attention to these financial considerations could not be too strongly insisted on.

The character of the Public Administration in India tended, he ventured to think, to exalt, unduly, administrative requirements at the expense of financial possibilities. It was the natural, and almost the necessary, result of a Government like that of the British in India, to be oppressed, if he might use the word, with a sense of the obligation to carry out moral and material improvements, and it was to this really healthy tendency that the excellence of our rule—for it was in all essentials excellent—was to be attributed. But the great body of administrative officers was not concerned, in any important degree, with the duty of finding the means for meeting the necessary cost of the measures they proposed, nor was there, in the form of our administration, any corrective or compensating check to this. The great body of the tax-payers was not able to influence, in any way, the financial arrangements of the Government. But more than this there was hardly any real or effectual criticism brought to bear on those arrangements from without, and the Financial Administration had been left to contend with a pressure for supplying the means of improvement which it had, too often, found difficult to resist, though the consequences should be serious ultimate embarrassment.

Perhaps he (COLONEL STRACHEY) might feel, rather more than others, the weight of such a responsibility as that of which he had spoken. He had, for many years past, advocated the policy of extending, within the bounds of prudence, the means of irrigation to all parts of India where there was danger from drought, and there were very few parts of the Country to which this description would not apply. He had strongly supported the proposal that the needed funds for the construction of these works should be obtained by borrowing, and he had affirmed that, with due care, there need be no cause for anxiety as to the financial consequences of following this course. He felt, therefore, that, so far as his own voice had had any influence in bringing about the acceptance of the policy that he had advocated, he specially shared in the responsibility that rested on the Administration of the Irrigation Department, that the great operations which they had in hand should be carried out to completion without detriment to the credit of the Government. It was in this sense that he, personally, claimed attention to the important aspect of the question of the extension of irrigation to which he had just been alluding, and it was in this sense that the Government of India had deemed it necessary to take special precautions to provide against possible future difficulties arising from the obligations it accepted in applying these very large sums to the protection and improvement of the Country by means of irrigation works.

If the outlay on the works to which he had referred on a former occasion, as now contemplated in the Punjab, North-Western Provinces and Oudh, were completed in eight or ten years, the Government would, at the end of that period, be liable to a yearly charge for interest, of not less than £600,000, and a yearly charge of at least equal amount for maintenance and management, in all, nearly one and a quarter millions sterling. And this, it must be remembered, represented the liabilities, on a part only of the undertakings on which the Government had embarked. Very large works were in progress in Bengal, and very large projects had been prepared, and only awaited a final removal of financial doubts, to admit of their immediate commencement. In Bombay, the position was the same, and Madras also would, without doubt, add to the drain, in an important degree. He need not attempt to estimate, in precise figures, the full extent of the whole of the liabilities which were thus being permitted to arise, but it was certain that they would amount to an annual charge of several millions sterling.

The Government of India had accepted the responsibility of carrying out to its legitimate end, the policy of providing this Country with the best, nay the only, security that could be obtained against the recurrence of those terrific calamities in the form of general famine, produced by general drought. But, in doing this, it was bound so to take its measures as to prevent the contemplated benefits turning out causes of injury by reason of financial disorder arising from them.

In thus dwelling on the necessity for caution in prosecuting these works, he would distinctly guard himself against being understood to suggest that there was reason to think that they were likely to prove financially unsuccessful. He had no such fear. But, as a prudent banker required certain forms to be complied with, and certain securities to be given, in dealing with his most trusted customer, and as, in the great majority of cases, such forms and securities might not be found to have been really important causes of the final satisfactory settlement of accounts, so the State, in entering on great financial operations, would do well to satisfy the Community from which it derived the funds to be laid out that there was, in fact, a substantial source from which the liabilities of the State in respect to its loans could, without doubt, be made good, however firm its own convictions might be of the prudence of its investments.

When considering the probable consequences of the works they were now about to undertake, it was proper to expect that the same general results would ensue that had been shown, by actual experience, to follow the prosecution of like works in past time. The main feature in the financial working of these undertakings had always been that a certain length of time had been required to develop the irrigation to an extent which made it properly remunerative. As to the end, there was no cause for anxiety, but an intermediate period would, almost certainly, occur in which a heavy charge would have to be met from the General Resources of the State on account of any new works. It was hoped that, under the improved system of management which they might now hope to secure, and in the light of the strict financial returns which would be an essential part of any satisfactory system, the financial operation of

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and railways which the Government was about to undertake were extremely serious and financial disaster and collapse of a very alarming character might readily follow an inconsiderate line of action in such operations

The outlay on Public Works Extraordinary, may, in eight or ten years, entail a yearly charge of £600,000 for interest and £600,000 for maintenance, in all nearly 1½ million sterling, or, including certain very large projects not yet sanctioned the annual charge may amount to several millions sterling. The remunerative character of the works would ensure the payment of this interest, but the compulsory irrigation rate would afford additional security.

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This additional security was a very important one for maintaining the credit of Government in the course of extensive borrowing involved in the prosecution of irrigation works and railways in India

The burden of these several millions sterling of annual charge must be borne somehow, and, without doubt it should be borne by that section of the community in whose behalf the works were constructed

It is not necessary to discuss whether among the community to be benefited by the irrigation works the consent of the majority of the class interested should bind the minority, because the consent of the persons interested could not, in reality, be obtained in a form that would give it the slightest real value and, moreover, the mere fact that a given numerical majority of the persons for whose benefit works were undertaken had not specifically consented to their execution could not at all affect the real equity of any arrangement under which such works might be paid for

the works would receive closer attention than before, and causes of delay in the extension of the irrigation, or of failure in realizing a proper income, which were removable, might be ascertained and removed. But, after all possible precautions were taken, it could not be at all certainly hoped that a serious charge might not fall on the Revenues in consequence of the new works, and it was necessary to consider thoroughly how such charges, if they arose, were to be dealt with

It was impossible to overrate the importance to the Government, of maintaining its credit on an indisputable footing, when it entered on the course of borrowing which was necessarily involved in the operations which it had been recently determined to carry out with a view to the extension of Irrigation works and Railways in India. The power of the Government to continue in the course of improvement on which it had embarked, was directly and essentially dependent on the solidity of its credit. If money could not be got cheap, the Government must soon check its operations. Everything which depressed the credit of the Government acted, directly, as an obstruction to progress, everything that raised its credit facilitated progress. The Government considered that, among the methods by which its credit might be sustained, a very important one was to place a direct liability on those interests which benefited by irrigation works, to provide any sum which might, after a reasonable period had elapsed, be found to be required to supply the funds necessary to discharge the interest on the capital by means of which the works were carried out, if not to pay off the capital-debt itself. The precise measures by which this end was to be attained would of course require careful consideration, and the proposals that had been made in the present Bill were designed to give the Executive Government the powers which it might be necessary to exercise to secure the object that had just been explained.

The first remark that suggested itself in connection with this discussion—and it was a very obvious one—was that, if the Government carried out works such as these with borrowed money, the burden that might arise must be borne somehow. The real question at issue, therefore, was, should this burden be left to fall on the Whole Community, and should the form of its incidence be left to be determined, from time to time, as the financial circumstances of the day required, or should it be placed specifically on that Section of the Community in whose behalf the works were constructed, in a space now to be settled once for all? Should we, in short, postpone, till the necessity for action arose, all consideration of the means which we should take for meeting the obligations that were incurred, or should we now assign a specific security equitably adjusted?

The Government of India came to the conclusion that the last was, without doubt, the proper course to follow, if it were possible, and the general plan that was proposed in the Bill would, it was believed, give a satisfactory solution of the problem, when it was properly guarded and explained.

It was always a somewhat dangerous thing, to argue from analogies which were, necessarily, more or less incomplete. In the present case, when we sought an analogy in English practice, we were met by the wide difference of the conditions under which public works for the general improvement of a District were undertaken there and in India. The common argument, that engagements entered into with the consent of the majority of the class interested should be held to bind the minority, could have no operation in India in relation to works such as we now were speaking of. The consent of the persons interested could not, in reality, be obtained in a form that would give it the slightest real value.

On the other hand, the mere fact that a given numerical majority of the persons for whose benefit works were undertaken, had not, specifically, consented to their execution, could not at all affect the real equity of any arrangement under which such works might be paid for. So long as the essential considerations were respected, which would have guided an intelligent Community, thoroughly understanding its own interests and able to protect them, the circumstance that the State had acted authoritatively, in behalf of a backward Community, could not make unjust that which, otherwise, would have been just. The Government in this Country had extraordinary responsibilities placed upon it, arising from its extraordinary relation to the people of the Country. Very frequently it was forced to act in behalf of the people or of a Section of the people guiding itself as best it might, by considerations of what was due to interests which the people themselves appreciated very imperfectly or perhaps not at all.

From such considerations, he (COLONEL STRACHEY) concluded that, if the Government took all those precautions that should and would be taken by an advanced Community acting in its own behalf, it might, circumstanced as the British Government in India was, without objection, regulate the management of works of public improvement in a manner that it was reasonable to suppose might have been agreed to by such an advanced Community. And, hence, he concluded that the principle of establishing a Local Financial Responsibility for works which were in their nature exclusively of Local Interest and value, was perfectly equitable in India as elsewhere.

In proceeding to apply this principle, the main point to attend to was that the burden which was to be imposed should only fall on those who really could benefit by the works. When, therefore, it was proposed that all lands irrigable from a canal should be liable to pay a rate towards the expenses of such work, it should be seen that the lands were those which could, in fact, receive substantial benefit, and not those which might perhaps be benefited. It would be easy to guard the power proposed to be taken under the Bill so as to secure this object completely, and it would be his duty to propose to the Committee, if his present motion was carried, such amendments and additions to the Clauses as they now stood in the Bill as would effect this, in an unmistakable way. He might add that the first intention of the Section was what he had stated, but it had been thought that the needful definition of the lands to be charged as irrigable might be left to the Executive Government.

It would further be for consideration whether it might not be desirable to prescribe some form of preliminary enquiry by which the Executive Government might satisfy itself, in a special manner, that all those measures had been taken by the Canal administration, for facilitating the extension of the usefulness of a canal, which should have been taken before recourse was had to general and compulsory rate on lands irrigable but not irrigated. He might add that the Government contemplated giving additional facilities for the execution of agricultural improvements, by means of what were commonly known in India as tucceavy advances, and one of the classes of work to which such advances might most properly be applied would be the minor water-courses requisite for the introduction of irrigation.

Another point which would be suggested to the Committee for consideration was, whether it might not be expedient, in the event of a compulsory rate being charged on account of any new irrigation-work, to declare that a certain fixed maximum rate of profit should, thereafter, be prescribed, beyond which the Government charge for that work should not go, so that, if the locality benefited by the works was held to give a practical guarantee for the financial safety of the operations involved, it should, on the other hand, be secured against any charges in excess of what was necessary to cover all obligatory expenditure for maintenance and interest. As it might be argued that, if no guarantee was given against loss, no pledge should be given against raising the charges to any amount that the real value of the water justify, so it might be said that, if the general tax-paying community were protected from all loss, they should be ready to waive their claims to all extraordinary profits, and the charges should be fixed so as just to cover the actual outlay, including a fair rate of interest on capital, and no more.

The sole intention of the Government was to place the future of these most important works on a thoroughly satisfactory footing, both as regards the interests of the agricultural community for which they were primarily designed, and the general financial interests of the State, which could not be endangered or injured, without immediately affecting injuriously the interests of all classes. The Government would hope that a satisfactory conclusion might be arrived at on the various points which arose in relation to this proposal, and that the objections that had been made to it might be removed by the consideration it would receive from the Committee.

His Excellency the Commander-in-Chief said that it was now many years, perhaps, indeed, more than he cared to count, since, as a Member of Government on the other side of India, he was one of what might be called the official minority which pressed on the Government of India and on the Secretary of State the necessity of constructing reproductive works by recourse to other means than those presented by the Ordinary Resources of the Country.

The struggle was a long one, but it was at length pressed to a successful conclusion. Finally, the argument prevailed by which the notion was borne home to the Government in this Country, to the Council at Home, and to the public at large, that, for this purpose of reproductive works in India, we must lean on the public credit. But, while the minority impressed the value of this policy till at length it came to be triumphant in all quarters, it was not forgotten by them that the public credit would suffer, as so ably explained by his Hon'ble friend the Mover of the Bill, if means were not taken, carefully, at the same time, to insure financial safety, in short, to extinguish the Loans by means of which the reproductive works were to be constructed. Some of the clauses in the Bill before the Council had been designed for such a purpose. This he (SIR W MANSFIELD) saw with great pleasure. It was evident that, according to the provisions set out for their consideration, Local Governments and Administrations would be required to consider well the necessities of their Provinces and Districts, with a view to the responsibility imposed on the latter for the expenditure on account of the improvements and works by which they were to profit.

It was but too true that there was a sort of feeling among certain classes of the public, this including not only the ryots and the petty landholders, but even some of our own officers in responsible situations, that there was a kind of bottomless purse, into which all were free to dip their hands, at pleasure, for local objects, without any local responsibility of reimbursement, this unlimited treasury being what was called the Government.

We could understand the ryot or the petty landholder having this notion of the Sirkar, but it was difficult to comprehend how responsible officers charged with the care of administration, who were aware of the almost infinite demands on the Government, should fall into such errors of reasoning.

Well, this matter seemed to be fairly set right by certain Clauses in the Bill. Some alteration in the wording, some modifications, might be required, but the principle according to which these works must be carried out henceforth was described in a manner admitting of no mistake in future.

It could not be too clearly declared that the Provinces, the Districts, the populations which benefited by the reproductive works must be responsible for the expenditure incurred on account of them, and that this must not be thrown on the Country at large or the system of general taxation.

Major-General the Hon'ble Sir Henry Durand said that, when permission was asked to bring in this Bill, he adverted briefly to the fact that they had not before them the opinions of the Local Governments upon it, and he would have preferred that the Council should not have entertained the Bill until after those opinions had been laid before it. The Council had since obtained the views of the Local Governments, and he must say that some of them were very

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The main points to attend to were—1st, that the burden to be imposed should only fall on those who really could benefit by the works; 2nd, that for those who are compelled to pay the rate, water courses for enabling them to use the water should be constructed at their expense.

The sole intention of the Government was to place the future of these most important works on a thoroughly satisfactory footing both as regards the interests of the agricultural community for which they were primarily designed, and the financial interests of the State which might also be endangered, to the injury of all classes.

HIS EXCELLENCY
THE COMMANDER-IN-CHIEF (SIR W MANSFIELD)

It could not be too clearly declared that the provinces, the districts, the populations which benefited by the reproductive works must be responsible for the expenditure incurred on account of them.

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Some of the Local Governments are very hostile to a compulsory rate, which in Sir W. Muir's opinion would be based on no principle that can be recognised as just and equitable, and would create so much discontent as to make it doubtful whether it could ever be put in force. It is notorious that the Board of Revenue add, that the existing canals run through tracts where they are not wanted.

The Lieutenant Governor of the Punjab, who was formerly opposed to a compulsory rate, had now modified his opinion, but he communicates that of the Financial Commissioner, who was extremely opposed to it and even the Lieutenant-Governor's assent to a compulsory rate, provided that it shall not exceed half the full water rates, is coupled with a caution that the Government should be chary of extending canals to tracts largely irrigated from wells. The Chief Commissioner Oudh points out that on the one hand, the concession to proprietors of land of a large share of the increased profits from irrigation works constructed with public money is gratuitous, and that on the other hand, it would be difficult to persuade thousands or rather millions of disconnected cultivators living on a line of country hundreds of miles in length, that it is to their advantage, contrary to old customs, to pay for water which has never reached their fields — there will always be the risk of causing general discontent by the sudden exaction of such an addition to the ordinary fiscal demands. In the Central Provinces, where there was not much experience in these matters, the Chief Commissioner was favorable to a compulsory rate.

hostile to a particular Clause of the Bill, which had been made the subject of discussion. He referred to Section 56. We had some of the leading men, amongst others Sir William Muir, giving their opinion on that Section. Sir William Muir said —

"Section 56 *et seq* — I earnestly dissent from these Sections. The imposition of a Rate on lands that might be held open to the benefits of canal irrigation, but which do not actually share in them, is based on no principle which I can recognise as just and equitable, or (even if practicable) as expedient. If a Canal will not prove remunerative by the assessment of those who directly profit thereby, it should not be undertaken at all. If Government makes a mistake, I fail to perceive why third parties, having no special concern or responsibility in the matter, should, any more than their neighbours, be subjected to a Cess, in order to make good the loss. The demand would create so much discontent, and would be so evidently inequitable, that, even if legalized, I much doubt whether it would ever be put in force — and its effect if any, would probably be to make the canal advisers of Government less careful in sifting the financial prospects of their designs, because they would have, in the background, the fallacious guarantee of an eventual rating on all the area which they might hold to be open to irrigation from their works."

We had others expressing equally strong opinions hostile to this particular Section. The Board of Revenue, composed of able men of the North-Western Provinces, said regarding it —

"But Section 56 is open to very grave objections. It compels the owners of lands adjacent to, but not actually deriving no benefit from, a Canal, to pay water rate on such land, in order to bring up the proceeds of the water rate to seven per cent on the capital expended on the Canal, and charges for maintenance, management and working not properly debitable to the Revenue account of the Canal. It is notorious that the existing canals run through tracts where they are not wanted."

"Before the Canal was made, the land now adjacent to the canal was easily and cheaply irrigated from *laekha* wells, and the advent of the canal has been anything but a boon. The proprietor of such land does not derive any benefit from the neighbourhood of the canal, any more than his neighbour whose land is not irrigable from the canal. Yet he is to be made to pay, when the other is exempted. The canal may have been constructed at an extravagant outlay. It may have failed to yield a profit to Government from mismanagement, or the entertainment of too expensive a supervising establishment. For all this, the proprietor, who is in no way responsible for such results and who derives no benefit from the canal, is *fined*, for the payment would be simply a fine. The Canal Department must look to economy in construction, management and maintenance, and to a judiciously adjusted scale of water rates, and careful administration, to secure a fair profit to Government. We contend that it is most unjust to make the agriculturist pay towards the expenses of a canal from which he positively derives no benefit. The mere fact of his land being irrigable from the canal is immaterial where it is irrigable by other existing means. If it is not so irrigable, he will irrigate from the canal, especially where his land is close to the canal."

"We think that Section 56 should be struck out of the Bill, and with it Sections 57 to 60."

There were others, again, equally hostile to it, but he (Sir HENRY DURAND) would not take up the time of the Council by reading their opinions, though some of them were very ably and forcibly expressed. We had also the views of the Punjab Government, which, it is one time, were extremely adverse to the Section, and the Lieutenant-Governor of the Punjab, though he had himself modified his opinion to the following extent, now sent the opinion of the Financial Commissioner, which was extremely opposed to Sections 56 to 62 inclusive —

"The Officiating Financial Commissioner further objects to the provisions of Sections 56 to 62, regarding compulsory irrigation rates. The Lieutenant Governor formerly objected to these provisions, but he has recently, in a letter addressed to the Supreme Government, in the Irrigation Department, withdrawn his opposition, with reference to a proposed modification of the Bill by which it is ruled the amount leviable from those who do not use canal water shall never exceed half the full water rates. His Honour is fully aware of the great advantage which would result from all irrigable lands taking water, but he desires me to state that the adoption of these compulsory provisions renders it all the more necessary, in his opinion, for the Government to be chary of extending canals to tracts largely irrigated from wells."

We had, again, the views of the Chief Commissioner of Oudh, who expressed an opinion as hostile to this particular Section of the Bill as did the Financial Commissioner of the Punjab. He said

"In an abstract point of view, and apart from the complications of particular Provinces, the Chief Commissioner sees no reason for the gratuitous sacrifice of revenue involved in the concession to the proprietor of a right to a large share of the increased profits due to the introduction of irrigation by expenditure of public money. But if it be the pleasure of the Government to make this concession, then the Chief Commissioner thinks it a good reason for adjusting the canal rates so as to prevent the deficiency which it is proposed to supply by the taxation of irrigable lands. Admitting the necessity for obtaining seven per cent profit on the outlay on canals, the Chief Commissioner has, as yet, had no data before him showing that if the canal rates are fully assessed, the required amount of profit cannot be raised. The Chief Commissioner would cite the late revision of rates for the Bari Doab Canal, as exhibiting the considerations indispensable to the full realization of the revenue due from canals. There is no doubt about a full rate being the form of taxation to which the cultivators of Upper India will most readily assent. The Chief Commissioner feels quite sure that they will not understand a supplementary rate on irrigable land. He holds that the analogy of English circumstances spoken of has no existence. It is a very different thing getting the intelligent assent of English proprietors to the payment of rates in defrayal of the cost of a Local Improvement, and persuading thousands, or rather millions, of disconnected cultivators, living on a line of country hundreds of miles in length, that it is to their advantage, contrary to old customs, to pay for water which has never reached their fields. There will always be the risk of causing general discontent by the sudden exaction of such an addition to the ordinary fiscal demands. The insertion therefore of such a provision into a Legislative Act, not professedly a measure of taxation, and not easily repealable, may, the Chief Commissioner fears, lead to practical difficulties, and he ventures to recommend that the subject be further considered, and the necessity for the Cess be clearly made out. This will allow of time to test the feeling of parties interested. If this be favorable, no harm will be done, if unfavorable the degree of its intensity should then be ascertained. The subject would seem to be easily separable from a Bill to amend the administration of the existing Canal law, and to call for the attentive consideration of the Revenue officers."

In the Central Provinces alone, where there was not much experience in these matters, we had an opinion favorable to the principle of the Section. Sir HENRY DURAND could not help thinking that the opposition to the policy of this particular Clause had been due to the peculiar wording, in this matter, both of the Statement of Objects and Reasons appended to the Bill, and also of the somewhat arbitrary terms in which the Section itself was worded.

He found that, in the Statement of Objects and Reasons, where it laid down the principle on which the Section was based, the principle itself was good, and that it could in itself, hardly be objected to. It was there stated that—

"the Government constructs irrigation works out of the funds or on the credit of the Government Treasury Community and, as trustees for the Community, must take the best possible security for the payment of the Districts which are benefited by such works, of the annual charges to which the State is put by its construction and maintenance. It might be argued that the liability to meet such charges should be extended to the whole of the Country which receives any benefit from the irrigation works. But it is believed that under a careful system of management the benefit to be derived from the charges may be confined to the lands which will directly benefit, and it is therefore considered sufficient to limit this liability to the irrigable lands only."

It was rather remarkable fact, when you read Section 56 you did not find any allusion to what was contained in the Statement of Objects and Reasons, confining the water-rate to lands which will directly benefit.

"56 If, at any time not less than five years after the completion of irrigation from any canal, the average Net Revenue in the three next preceding years realized by the Government from the use of the water supply, and including all sources of income dependent on such canal, and deducting all charges for maintenance and management and working properly payable to the Province Government, the net annual amount of such revenue equal to seven per cent on the capital expended on the said Canal, the Local Government may charge on the lands irrigable by the water of such canal, but not paying any water-rate thereto, such a yearly rate or rates as shall when added to the net yearly estimated income, received as aforesaid, produce a total amount as nearly as may be, equal to seven per cent on the capital expended."

So that, at the first blush he (SIR HENRY DURAND) could understand the Local Governments going against this particular Section of the Bill, because whilst there was no uncertainty as to the principle laid down in the Statement of Objects and Reasons there was nothing to show that in the Section there was a corresponding condition affecting the application of the principle he could quite understand the alarm of the Local Governments at the Section. Then, again, in the Statement of Objects and Reasons the word "District" was used. A District was only an aggregation of villages. It did not always follow that the Canal Districts and Civil Districts were of the same demarcation, nor did it at all follow that the villages which composed either Canal or Civil Districts would all benefit from the construction of a canal. Some might benefit from it, others might benefit partially some might not benefit at all and some might even suffer detriment. So that from the indefinite words used, the Local Governments might well be startled, but he did not think that after a careful consideration of what the Local Governments had said, they really went against the principle involved. He thought that the financial policy was one which, stated generally, was a principle which would be accepted by every one, the difficulty, and it was the real difficulty, was as to its application. While he was not prepared to say, admitting as he did, the soundness of the general principle, that that principle was in itself obnoxious to criticism he was not prepared to say that this Bill, supposing the principle applied as it ought to be, and with some modifications of Section 56 as it now stood in the Bill, might not be made a good Bill. If it were not for Section 56, hardly any one would deny that the Bill itself was a good Bill. It really did very little more than bring into an improved shape what was now embodied in two or three old Acts and Regulations, and it invested the present practice with legal form. Therefore, excluding that Section and some others connected with it, all of which the Hon'ble Mover of the Bill could, he was certain, amend, he thought the Bill was one that should be regarded as unobjectionable.

Section 56 was, as previously observed, a more difficult subject for consideration, but, if the Council had paid attention to the somewhat lengthy extracts which he had read from the Reports of the Local Governments, they would observe that the gist of their objections was founded on the fact of the powers conferred by this Bill for the levy of the water-rate on people who derived no benefit at all. If the rate was limited to lands in no other way irrigable, and which were within the sphere actually irrigated by the canal, there would be less ground for objections on the part of the Local Governments. But, as the Bill was worded, a village might find itself compelled to pay for no advantage received, or it might be required to discontinue its wells from which its lands were irrigated, and which were sunk at great cost, in order that it might contribute to the financial success of some undertaking of which it was wholly independent. Although there was a discretion left to the Local Governments as to the Compulsory Rate, and the action upon that discretion was subject to the control of the Governor General in Council, yet he thought that this point was one which, though guarded in this manner, had moved the Local Governments very much, and which admitted of an easy remedy in Committee, and he was under the impression that it would, coupled with other financial adjuncts which the Hon'ble Mover of the Bill would be able to add, in a great measure remove the objections entertained to the Bill. If he understood the Section rightly, taken in connection with Section 61, there was nothing to prevent very considerable practical injustice being done to a village, the lands of which were irrigable, but not irrigated, by, or requiring irrigation from, a canal which might run twenty-five or thirty miles off, and that village might be made to pay towards the general deficit of the work. That he thought should be carefully looked into.

As connected with this subject, he confessed he entertained great doubts as to the policy of Section 62, to which he very earnestly asked the attention of the Council. It would be remembered by his Hon'ble Colleagues that, with regard to reproductive works, he had urgently recommended that there should be a strict account kept of each separate work, and that its cost and the revenue and profits derived from such works should be laid periodically before the public at the time of the preparation of the Budget. Now, this Section appeared to him

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THE GENERAL SIR
H. M. DURAND.

The principle of charging water-rate to those who actually benefit by a canal might be a fair one, but the words "not less than five years" and "average Net Revenue" are a little too general. If the canal is a small one, the revenue may be small, and the rate may be too high. If the canal is a large one, the revenue may be large, and the rate may be too low. The principle is a good one, but the words are not good.

The amount of financial revenue from each irrigation work should be laid periodically before the public.

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MAJOR GENERAL
SIR H. M. DURAND

really to militate against that which he held to be most important, for, although he himself was not of the opinion which he had heard advanced in that room, against the construction of public works by Loans, on the ground that Loans necessarily led to extravagance—an opinion which he thought rather unworthy of a Government to bring against its own prudence and power of control—still he did think that the credit of the Government and of the Country was involved in the results of its reproductive works being laid before the public without any jumbling or mixing up of one work with another.

The *Hon'ble Mr Chapman* said that, as at present advised, he objected to the principle of Section 56. It seemed to him to contain an ingenious provision for guarding against the effects of errors of construction or of calculation. Now, the Estimates of the Department with which Colonel Strohley was connected were not immaculate. The tendency, undoubtedly, was to under-estimate the cost of construction and over-estimate the probable receipts. He (Mr Chapman) did not see why the public, who derived no direct benefit from the works, should be made to pay for these errors. As well might they call upon the inhabitants of a District through which an unproductive Railway passed to make good the deficit. You said to them—“A beneficent Government has constructed this great work by which you will secure an outlet for your labour and your produce.” Then answer would be, “We are the best judges of our own interests, and we consider your Railway a mistake, and leads to no place in which we have any interest.”

His (Mr Chapman's) belief was, that if irrigation works were only well conceived and executed, there need be no fear about their financial success.

His Excellency the President said—“I intend to reserve the greater part of what I have to say upon this very important Bill for its future stage, when, after being amended in Committee, it comes up for final consideration in this Council. I will therefore content myself to-day with expressing an opinion similar to that which is entertained by my Honourable friend Sir Henry Durand, to the effect that a great deal of the objection that has been taken to some of its Clauses can be removed by the amendments that will be proposed in Committee.

“Now the most formidable objection taken to Clause 56 is that stated in the remarks of Mr Reid and Mr Inglis of the North-Western Provinces.

“They say that ‘it compels the owners of lands adjacent to, but actually deriving no benefit from, a canal to pay water-rate on such land, in order to bring up the proceeds of the water-rate to seven per cent on the capital expended on the canal—for maintenance, management and working not properly debitable to the canal.’

“I believe that, by the insertion in the Bill of a proper definition of the word ‘irrigable,’ that objection can be entirely swept away.

“I am informed that it is intended to define the word ‘irrigable’ in this way, that the land irrigable is not irrigated from a canal, that it is cultivated and situated within such a distance of the canal as permits the irrigation of it by natural flow, that the profits of such irrigation shall increase the annual rent and value of the land to an amount equal to the charge that is placed upon it, and that, not only shall all these precautions be taken, but that the canal officer shall have offered to construct the minor works necessary for ‘conveying the water to the said land under Section 29, or (if the said occupier or owner shall so prefer) to permit their construction under Section 32 or 33, or shall have tendered in advance of money sufficient to provide for the construction of the said works, such advance to be made and to be repayable in conformity with the Rules then in force, for making and recovering advances of takliwari, or advances for making improvements in land.’

“I am in hopes that, if these definitions are inserted by the Committee in the Bill and adopted by this Council, many of the objections taken will entirely fall to the ground. I believe also that it will be possible to give to all these definitions practical effect.

“It might be said, and, I think, with truth, that irrigation works in India cannot be constructed without conferring great benefits upon the whole population of a District, and, speaking generally, without adding increased value to all the lands in the neighbourhood of those works.

“I believe that to be a sound axiom, but it is not the principle that is acted on in this Bill, which is more limited.

“The principle upon which the Legislature in England has acted in respect to the prosecution of works of local utility is this—it has always considered it right to charge upon a certain District the repayment of capital and interest, and the cost of maintenance, because it is held that the construction of such works confers extensive advantages upon the whole neighbourhood. But this principle is only found to a limited extent, in the Bill now before us, and it will be so guarded, that no people can be made to pay for this water who are not directly benefited thereby, unless their land is actually increased in value, and unless the water is actually brought upon the farm. And, here, I think it right to say that, unless such a principle as this guides the future of our great operations of improvement in India, we are likely, at no distant time, to find ourselves in serious difficulty, and I believe that, unless the principle is adopted which was so well described by His Excellency the Commander-in-Chief, unless the whole of our loan-finance—the whole expenditure of a remunerative character for improvements to the land and other like objects in India—is removed from the Ordinary Finance of the Country, you will find that it will be difficult to continue these most necessary works on a scale at all commensurate with the requirements of the Country.

“I therefore think that those who argue against this principle argue against that upon which all security for the continuance and certain completion of these works is actually based.

THE HON'BLE
F. S. CHAPMAN
A compulsory irrigation rate is an ingenious provision for guarding against the effects of errors of construction or of calculation.

LORD MAYO
21st January 1870

The objection to a compulsory irrigation rate may be removed by limiting the meaning of the words “irrigable land.”

By thus restricting the meaning of the words, the law would be such that no people could be made to pay for canal water who are not directly benefited thereby, unless their land is actually increased in value, and unless the water is actually brought upon the farm. Unless this principle be enforced, the Government will be involved in a serious difficulty. Some body must pay for the works, and is it fair or right that works constructed for the

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LORD MAYO,

21ST JANUARY 1870

"I will not now take up the time of the Council to go into details in proof of this axiom. On some future occasion, it will probably be my duty to do so, but, when we see that the cost of the Ordinary Administration of this Country is such as can hardly be defrayed out of Ordinary Revenue, and, when we look to the increased cost of that administration which improvement must, necessarily, bring, I say that it must be plain that it is impossible to add indefinitely to our payments of interest in regard to these reproductive works without dangerously crippling our power in respect to Military Defence, the Administration of Justice, the spread of Education, and many other objects which are so essential to the safety and progress of the Country.

exclusive benefit of the Punjab or the North-West should be paid for out of the pockets of the people of Madras or Bombay?

"I hope that these truths are now beginning to be recognized throughout this Land, and it behoves us to look upon these questions, not from a Provincial or a Local point of view, but to ask ourselves the simple question,—if these works are to go on, who is to pay for them, and can they go on if their cost is to be defrayed from the Ordinary Revenue of the Country?

"This consideration has certainly not presented itself to the minds of those who object to this Bill.

"It is said that it is unfair that certain persons should pay for certain works, but if they are not to pay, who is to pay?

"There is no unlimited Fund at the disposal of the Government of India which is available for such a purpose.

"If a work is not sustained by Local Resources, it can only be sustained by the contribution of the General Tax-payer, and I ask, is it fair or right that works constructed for the exclusive benefit of the people in the Punjab or the North-West should be paid for out of the pockets of the people of Madras or Bombay?

"It was the early adoption of the principle to which I have been referring, that has led to the successful expenditure of the enormous sums which have been borrowed from the State or from private sources for Agricultural, Municipal, Maritime, and other objects at Home, and I do believe that, had it been attempted thirty or forty years ago in England to carry into effect the principle that has hitherto been adopted in India, that is, that the General Revenues of the Country were to be made liable for works of improvement of a limited and local character, not only would the expenditure on those works have been most extravagant (being conducted without that local control which is so necessary), but that the charge thrown upon the Revenues would have been so enormous, that the construction of all such works would have, long ago, been arrested.

"When it is also said that, because engineers make mistakes, and that errors may be committed in the construction of these works, therefore the loss occasioned by these errors, and the result of these mistakes, are to be thrown upon the General Tax-payers of the Country, it seems to me to be an objection that is wholly unsustainable.

It is equally unjust to throw on the general revenues the loss occasioned by errors in the construction of works designed for the benefit of a particular locality, more especially as the profit from successful works beyond a certain minimum will go entirely to the proprietors of the land.

"These works are not undertaken on the understanding that mistakes are not to be made; mistakes will occur, but to say that a great principle of this kind is unjust because occasional mistakes, blunders and errors may be made by persons occupied in the construction of these works is, to my mind, an argument that can hardly be deemed serious.

"I believe that, in the interests of the thousands whose life (I may almost say), and certainly whose welfare, depend upon the early completion and construction of these works, this principle ought to be adopted, and I do believe that, when it does come to be thoroughly understood that those Localities which are to be most benefited, undertake to bear the other Tax-payers of the Empire free from burden and cost, when the inhabitants come to understand what the object really is, and that in return they are to be guaranteed by Government that the profit of those works—above that which is absolutely necessary to defray the cost of payment of interest, repayment of capital and maintenance—is to be all their own,—they will find that, so far from the present Bill being likely to throw unfair, unnecessary and burdensome charges upon them, it will cause these works to be constructed and completed with far more economy and care than they have been hitherto, that, in their construction, they will be subjected to much more accurate criticism than they have been before, that the whole claim of the Government in their respect will be greatly limited. I believe that, when people come to consider all these points, they can arrive at no other conclusion than that the principle of the Bill is just and fair, and calculated to secure the speedy completion of the works, and, at the same time, leave to the proprietors and occupiers of the land a larger portion of the profit.

"I am not surprised that objections are taken to this Bill. Everything that is new is liable to suspicion, but I think that the solid objections which have been made can be removed, and that, on further consideration, it will be found that this Bill, if it be properly worked, will confer lasting and immediate benefit on thousands, by securing to them, at the least possible cost, all the blessings of irrigation."

The Bill, as discussed in 1870, was framed for Northern India, its further consideration was deferred, pending reconsideration of certain differences of views with the Government of the North-Western Provinces. Meanwhile, the Government of the Punjab urged the passing of the Bill for that Province, and, accordingly, the Bill was re-cast in 1871, so as to apply to the Punjab only. In this new Bill the provision in the former Bill for limiting the compulsory rate to the amount sufficient for bringing the returns for an irrigation work up to seven per cent on the capital expended was omitted.

His Excellency the President said —"It is not fair to assume that Measures which are considered fit for the Punjab must necessarily, in consequence, be considered suitable in all their details for every other part of the Empire. Canal Bills for other Provinces will be discussed and settled on their own merits, with reference to the wants of the particular case and

LORD MAYO,
12TH OCTOBER 1871

The Government has long since declared

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LORD MAYO
21st January 1870

ed its opinion in favor of a compulsory rate to be levied under fixed conditions and certain well defined limitations

THE HON'BLE R E
EGERTON

In the Punjab, where the demand for water is very great, there will never probably, be occasion to enforce the compulsory clause

THE HON'BLE F R
COCKERELL,
26th October 1871

The new Bill puts no limit to the amount of compulsory irrigation rate which may be levied, though even a limited compulsory rate is peculiarly offensive to the popular notion of that equity and good conscience which does duty for substantive law to so large an extent in this country. Whether the rate be limited or not, in principle it is wrong, because it would be levied without the consent of the payers

to the opinions of the Local Authorities. As a matter of principle, the Government has, long since, declared its opinion in favour of a Compulsory Rate to be levied under fixed conditions and certain well-defined limitations. I believe the principle asserted by the Sections 44, &c, to be, not only sound and useful, but absolutely essential to the success of those great schemes of irrigation by which alone large portions of the Country can be preserved from periodical famines, and the Country permanently enriched, but, because the Council adopts that opinion and applies these Clauses to the Punjab, it does not, necessarily, follow that all the details now provided will be, necessarily, applied, in future legislation, to other parts of India. Such an assumption is without foundation. This sound principle may be applied in other forms and by other means."

The Hon'ble Mr Egerton said—"Sections forty-four to forty-nine—'Irrigable, but not Irrigated.' These Sections form part of the Bill introduced in 1869, but they now stand very much modified. The conditions under which a special rate may be applied are so strict, and the power conferred on the Local Government is so large, that I think it very difficult to make the provisions applicable to any canal. In the Punjab, where the demand for water is very great, there will never, I think, be occasion to apply those Sections to any canal."

The Hon'ble Mr Cockerell said—"The most important feature of the Bill is the provision contained in Section forty-four, for the levy of a rate on lands irrigable but not irrigated, and I would first draw attention to the rather curious position in the Bill which this provision occupies. Like the proverbial snake in the grass, it is almost hidden in the ramifications of Part III, which, though the receptacle of all sorts of unconnected matters, bears simply the unsuspicious heading—'Special powers of canal officers in relation to surveys, construction and maintenance of works and decision of differences regarding water-courses.' The principle of such an assessment was, on its first appearance in the original draft, strongly attacked, and especially repudiated in a Despatch from the Secretary of State, dated 11th January 1870, from which I need make no quotation, as it has been published and circulated as a paper on the Bill. But it will be said that this provision has been divested of its obnoxious character, by the conditions which have been attached to the levy of a Compulsory Rate, and which are included in the amended Bill. To show that this is not the view taken by those who are amongst the most competent to form a sound conclusion on this point, I will read from a letter from the Government of the North-Western Provinces in regard to the amended Bill. The Lieutenant-Governor, who, it will be remembered, was the strongest opponent to the principle of a Compulsory Rate when the idea of levying such a rate was first started, is of opinion that the provision of the amended Bill on this subject is 'even more objectionable than as it stood in the original Bill. There, the imposition of the Rate was made to depend on a distinct financial necessity, and the Measure itself could not be introduced unless it were proved that the canal had failed to reach a specified percentage of profit. The character of the imposition was thus marked, and its range defined and limited. In the present Bill, neither cause nor limit is assigned. The Measure will simply be based on the opinion that reasonable use has not been made by the people of the canal, and, on this opinion, an agriculturist, who never took a drop of water from the canal, or intends to take it, who finds, in fact, that it is not for his interest to bring water channels to his fields, can be charged a special rate which may reach to two rupees an acre. The injustice of such a proceeding seems to be patent on the mere statement of it'."

"There was something peculiarly offensive to the popular notion of that 'equity and good conscience' which does duty for substantive law to so large an extent in this Country, in making the non-realization of a seven per cent return on any outlay of capital borrowed at four per cent, the main condition of the levy of this impost, but it may well be questioned whether, as the Lieutenant-Governor surmises, the new condition as to the 'reasonable use' may not press more hardly upon the landholder than the former one. In any case, by whatever conditions the action to be taken upon it may be surrounded, the principle remains unaltered, and, consequently, the objections to that principle must apply as strongly in the case of the present Bill as its predecessor. It has been asserted that the principle of the proposed tax differs in no respect from that which governs the levy of Special Taxation in Towns for various descriptions of Municipal Improvements. I contend that there is no analogy whatever between these cases. In the latter, theoretically at least, the taxation is imposed by the will, or with the consent, of the Representatives of the Tax-payers. I say, theoretically, because, literally, Municipal Commissioners are not the Delegates of the people, yet, generally speaking, the Government make such selections for those offices as the people, if they were vested with the power of election and were likely to make a discreet and discriminate use of it, would, themselves, choose. Taxation so imposed is, surely, something very different from the Measure provided by this Bill."

"Again, in the case of Municipal Taxation, the tax-payers get something for their money, which, however much or little they may appreciate its value, does, undoubtedly, ensue to them very substantial benefits, but the landholder subjected to the Special Rate, gets no benefit in return. It will be said that the conditions under which only the Rate can be levied require that the use of Canal-irrigation should secure greater profit to the Agriculturist than he would otherwise have obtained? It is just because crises may occur, in which it may be shown that the cultivator would have secured a better crop from the use of canal-irrigation than he would have done without it, and because such crises are extremely likely to occur and will subject the landholder to the screw of the Special Rate, that I regard the provisions of this Bill with so much apprehension. For it may well be that the cultivator, intelligently and wisely, elects not to use canal irrigation, to forego the estimated increase of profits, in order to avoid what he may conceive to be the more than counterbalancing concomitant evils attending the use of such irrigation. He may say 'I know that I should get a much larger profit from the use of your

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THE HON'BLE F R
COCKERELL,
26th October 1871

water, but either from well-irrigation or the natural resources of the soil unaided by your water, I get a return sufficient for my wants, and I would rather forego possible increased profits than bring myself within the dominion of the Canal Officers. By resorting to the use of canal-irrigation, I incur all sorts of responsibilities and obligations in regard to water-courses and the like, or I must give up my wells and depend entirely upon you for a water supply, and you may, as you have carefully freed yourselves from all pecuniary responsibility for the non-fulfilment of my just expectations, disappoint me just at the moment of my utmost need.

"I do not, by the case which I have put, intend to suggest that the Canal Officers are, as a rule, in any degree, less mindful of their duties to the people with whom they are brought in contact than any other body of public officers would be under similar circumstances, but I do wish to point out that the proposed law practically invests those Officers—and I believe necessarily so—with very extensive authority, and that, keeping this fact in view, it must be regarded as not the least mischievous consequence of the power of levying a compulsory rate, that the inducement to use their authority wisely so as to attract a voluntary recourse to canal-irrigation by a popular administration of the system, is, through the existence of that power, to a great extent, withdrawn.

"Another important argument in favour of the levy of this Special Rate is that, on grounds of humanity, no less than on sound financial considerations, irrigation must be promoted by the construction and maintenance of canals for which somebody must pay, and that this being so, it is more just to assign the burden of the cost of these works to those for whose benefit they are devised, than to impose it on the General Tax-payer.

"The first proposition may be readily admitted, subject to the reservation that no injustice or hardship is caused to individuals as the necessary consequence of these works. When that limit is overstepped, I should hold that it is not desirable to construct Canals. But, in regard to the apportionment of the burden of cost, I contend that the argument is wholly unsound. Of course, every projected work of this sort is intended to benefit some people, but if, through any error of design or construction—and the history of some of the more recently constructed barracks shows that even officers of the Department of Public Works, upon which the design and execution of canals must devolve, are fallible—the work failed to achieve the general object of its design, surely it would not be just to saddle certain persons with the cost, who have derived no advantage from the work, and have had no option whatever in the matter of its construction, merely because it *was designed* for their benefit?

"Take, as a possible illustration of such a case, the Sarda and Rohilkbund canals, which are, I believe, either being constructed, or are about to be constructed. One of our Hon'ble colleagues (Mr Inglis) who has a thorough practical acquaintance with Rohilkbund, is of opinion that, owing to the water being so near the surface, and the consequent facilities for kacha well-irrigation which exist in the country to be traversed by these canals, the mass of the agriculturists will not take the water, and that, consequently, the Canals cannot prove a profitable undertaking.

"The truth is that canals are projected and constructed mainly in the interest of the General Tax-payer to lighten his burdens, directly, by saving off the heavy cost of periodical famines, and indirectly, by improving the general resources and wealth of the Country. Where these works are wisely designed and carried out, they are sure to answer their purpose without the aid of Section forty-four, the risk of error in design or construction should, in all equity and reason, be borne by the General Tax-paying Community, whose agent the Department of Public Works is in projecting and carrying out these Schemes. That Community is, on every consideration, as justly chargeable for the consequences of an unwise or unskilfully executed canal project, as for the cost of barracks which, through faulty construction, may have fallen down or become otherwise unserviceable."

The Hon'ble Mr Ellis did not intend to say much in regard to the point raised in the amendment of his Hon'ble friend, Mr Cockerell, as those who were in charge of the Bill would be best able to answer for the procedure which had been adopted. He (Mr Ellis), however, advocated the pressing on to completion of the measure while the Council had the advantage of the presence of His Honour the Lieutenant-Governor and the Financial Commissioner of the Province. He did not think it necessary to slay the slain over again, and follow his Hon'ble friend, Mr Cockerell, through the details he had entered into regarding the original provisions of the Bill, for he believed these provisions were no part of the present measure, but he agreed with his Hon'ble friend in his expression of satisfaction that their further prosecution had been vetoed by the order of the Secretary of State. These provisions, however, were not now under discussion, and any objections that might have been taken to them, as they originally stood, were quite irrelevant, as the provisions of the Bill, as now framed, were of a different character. These provisions appeared to Mr Ellis to be a compromise between the extreme views of those who held that, if a canal was to be made, a certain re-arrangement of the District through which it passed, must also be made to guarantee its paying at any price, and the views of those who held that under no circumstances should a person be called upon to pay for water which he was not disposed to use. He took this to be a compromise, and he accepted it as a fair and reasonable one. If anything was to be said against the principle adopted, it would be that it was fenced round by conditions so varied, complicated and difficult of proof, that, if anything, there were too many safe-guards, rather than too few, against oppression and injustice to the people. He did not conceive, however, that it would be necessary to put them in force in the Punjab, for, from all he could ascertain, the people of that Province were only too glad to get water where they could, the only doubt being that, in some parts, there would not be a population sufficient to make use of the water available. This

THE HON'BLE
B H ELLIS

In the Punjab, where the people were only too glad to get canal water, the compulsory clause would be virtually inoperative.

CHAPTER XIV

THE HON'BLE B H
ELLIS,
26th October 1871

The Bill did not charge the people with the cost of engineering failures

being the case, the provisions of the Bill would be harsh, and it would be asked "Why enact them at all?" The answer to that would be that, in carrying out large schemes of this nature, involving considerable sums of money, the Government naturally looked to the financial success of the schemes, only requiring a guarantee that financial success should be ensured. He was thoroughly agreed with the Hon'ble Member who moved the amendment, that they should not attempt to secure themselves against engineering failure by a tax upon the people for whose benefit these engineering failures were designed, but he understood that the Bill, as at present drawn, did nothing of this kind. It did not charge the people with the expense of engineering failures, if it did, then he would certainly not support the Clause. It was obvious that, so far as engineers were concerned, all claims of that kind should depend upon two calculations—the calculation of the cost of the works, and the calculation of the area irrigable. The rates were fixed by revenue officers, and, for them, the engineers were not responsible. If the work failed financially, because it cost more than was originally estimated, or because it was found that the supply of water was not sufficient, or the area irrigable not so large as was expected, then, according to this Bill, no one would be liable for a single piece more than he already paid.

If, however from ignorance, wilfulness or other cause the people refused to avail themselves of the water which was made available to them for their profit, then there was no hardship that these people should pay to ensure the financial success of what was carried out for their benefit

Mr Ellis could not conceive how his Hon'ble friend could have imagined that the Bill under discussion was designed to cover engineering failures, or to foist the cost of such failures upon the people in any way. If, however, from ignorance, wilfulness or any other cause, the people refused to avail themselves of the water which was made available to them for their profit, then he (Mr Ellis) would say there was no hardship that these people should pay to ensure the financial success of what was carried out for their benefit. There was an analogy between this and the case of land revenue. Assessment was fixed on the best lands at a high rate, on the supposition that the best kind of crops would be grown thereon, but, if the landholder refused to grow the best kind of crops and grew only inferior crops, he was, not the less, obliged to pay a high assessment. The land was made more valuable, and, if the owner retained possession of it and had these facilities, whether he wished to make use of them or not, there was no hardship in making him pay a higher rate for land which he retained and allowed no one else to use to their advantage. Mr Ellis therefore had no sympathy with those who raised a cry of oppression and injustice in the case of the taxation of those who would be taxed under the very stringent restrictions imposed by the Clauses of the Bill as at present framed.

THE HON'BLE THE
LIEUTENANT GOV
ERNOR OF THE
PUNJAB
SIR R DAVIES

His Honor the Lieutenant-Governor said—"I have not the slightest hesitation in supporting my Hon'ble friend in his motion that this Bill be passed. My Hon'ble friend, Mr Cockerell, observed that the measure had been before the Legislative Council since 1870, but I must remark that it has been before the Government of India since February 1867, having then been sent up by the Punjab Government. I think, therefore, that, if we had omitted to press on the Legislative Council the passing of this Bill at this season and at this place, we should have greatly neglected our duty."

"The Hon'ble member has adverted to the lost experience of Messrs Inghs and Robinson, but, without saying anything depreciatory of the ability of these gentlemen, I must remark that Mr Egerton and myself were, for many years, employed in these Districts of the Punjab, into which irrigation was introduced on the annexation of the Country, and that we have that peculiar experience which could not possibly be enjoyed by gentlemen who have not served in the Province. We have also had the benefit of Sir Richard Temple's experience, who, for many years, was employed in the Punjab, and has full knowledge of all the circumstances connected with irrigation in that Province."

"As regards the objection taken to the preamble, I may observe that the principle involved has invariably been put forward in all the Bills which have been prepared on the subject, from time to time, and had the assent of the late Mr Thomason, and also that of the late Sir Henry Durand. The Hon'ble gentleman (Mr Cockerell) took exception to the provisions regarding the landlord's rates, and he observed that it was inexpedient to disturb the general effect of the Revenue Settlement, but in the Punjab, I believe, this inconvenience cannot occur, certainly not for a long time to come."

"As regards the Compulsory Rate, I was, originally, amongst the opponents of the first draft of the Bill, but I fully accept the compromise which is offered in this Bill, but I think, if the Hon'ble gentleman had guessed, as he admits he has not had the opportunity of guessing, experience in a Country liable to the effects of drought, he would have set a higher value on the inestimable advantage of the presence of water near lands irrigable. I cannot, myself, admit that it is in any way inequitable to put a rate upon land which the owner has it in his power to improve by bringing water to it, under the conditions proposed in the Sections of the Bill. It must be remembered, also, that the Government is co-proprietor in the lands of this Country, and that it has not only the strongest interest in insisting, but a real right to insist, upon the improvement of land, and it seems to me that the proprietor who had it in his power to irrigate land and refused to do so under the conditions of this Bill, would be very much in the same condition as the tenant in England who refused to manure his land against the customs of the Locality in which he lived."

"I consider that the Hon'ble gentleman was under a misapprehension when he said that lands already irrigated from wells could be brought under this Compulsory Rate, but my understanding of Section forty-eight of the Bill renders this impossible."

Sir R Temple said—"Mr Cockerell next adverts to a recent despatch from the Secretary of State regarding what is known as the 'Compulsory Rate,' that is, the rule whereby a Water-rate can be imposed on lands which are proved to be capable of canal irrigation. He seems

It is not in any way inequitable to put a rate upon land which the owner has it in his power to improve by bringing water to it under the conditions proposed in the sections of the Bill

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to think that this Rate, as in the Bill to day, is contrary to that despatch. On reference to the despatch, however, I do not see how my Hon'ble friend's construction of it can be maintained. No doubt that despatch did advert to the difficulty of enforcing the principle and did direct that caution should be exercised. But after that it went on in the following terms —

“The object aimed at in the Section (i.e., regarding the Compulsory Rate) is obviously that of adjusting the burden of interest on loans raised for State irrigation works and transferring it from the shoulders of the General Tax payer to those of the Communities for whose special benefit the works are severally undertaken, and in the value of this object, so far as it can be justly and conveniently obtained, I entirely concur, and it will therefore be satisfactory to me to learn that the Section can be so far modified as to obviate any objections.”

“So far, then, this principle is approved and not objected to, as Mr Cockerell seems to think. Then, after suggesting certain modifications, the despatch runs thus —

“A preferable arrangement might be one according to which cultivators instead of paying in proportion to the quantity of water taken by them, that is, more in a dry year and less in a wet one, would be assessed at an equal rate per acre of their irrigable land in all years. * * * It would, however, rest with Government to fix the rate, and whatever rate * * * seemed necessary to raise the required percentage on the cost of the canal might be fixed accordingly.”

“Here again, it is distinctly contemplated that, under certain circumstances, a Rate may be imposed on irrigable lands, and that such rating is to be fixed by Government on financial considerations. I shall advert, presently, to the details of this proposal. At this moment, my object is to show that we are distinctly authorized by the Secretary of State to legislate on the subject.”

“Mr Cockerell then alludes to the analogy of Municipal Taxation in towns and cities, he considers that such taxation may be justifiable, because those who pay it are directly benefited thereby. He seems to think that the analogy does not apply to the proposed Compulsory Rating of irrigable lands. But I say that it does apply most distinctly. For, will not every man who may be charged with this water-rate benefit thereby? Undoubtedly he will. He will only be so charged when it can be proved, formally, that he can and will benefit. Indeed, the payer of this canal water-rate would benefit quite as directly by the irrigation of his fields as any townsman could benefit by the conservancy of the streets or by the improved purity of drinking water and the like.”

“But if Mr Cockerell introduced this analogy at all he ought to have pursued it further. He should have alluded to the Local Cesses for Roads, Schools, Hospitals, and the like, which have been passed of late, Province by Province, for the whole of India. It is held by the Legislature that, inasmuch as the Community benefit by these things, they must be taxed. And it is considered that it is more just that such Community should be taxed separately for its own roads and schools and hospitals than that the cost should fall on ‘the General Tax-payer,’ that is, on the Revenues generally. But if this be so, then it would be equally just to charge each rural District for the canals running through it, inasmuch as a canal is at least as useful as Roads and Schools, indeed is perhaps more useful than any other work, perhaps even than all other works put together.”

“Again, the payer of Cesses for Roads and Schools and Hospitals does not always benefit so directly as the payer of a Canal Water-rate. A man may be taxed for Roads, though he never travels, for Schools, though he has no children to educate, for Dispensaries, though he never takes physic. But a man will not be compelled to pay water-rate unless it be proved that his fields can be profitably irrigated, and that the water has been brought to their boundaries.”

“Therefore I say that the analogy does not, as Mr Cockerell seems to think, militate against the Canal-rate, but is actually in its favor.”

“Then Mr Cockerell quotes a passage from a letter from the Government of the North-Western Provinces, to the effect that a man may be charged for water which ‘he finds it not his interest to take.’ How in Northern India—or anywhere in India, save in exceptional alluvial Districts—it can be otherwise than for a man's interest to take canal water if it be obtainable, I cannot understand. Notoriously, it is always for his best interests to take the water, and, if so, it is just to charge him.”

“But the passage which my Hon'ble friend quotes is only a specimen of dicta which are too common in many quarters and which involve a misapprehension, as I will endeavour to explain.”

“It seems to be supposed that, if it be really for a man's interest to take canal water, he will ‘find’ it to be so. But, unfortunately, in India he does not always ‘find’ this, or finds it only after a long delay. If our people were quick in apprehension, energetic and enterprising in disposition, they would indeed find their true interest fast enough. But they are, notoriously, slow, apathetic, and unenterprising. I say this, without forgetting the many virtues which they do possess. And it can be proved in tens of thousands of instances that they have failed or delayed to take canal water for years and years, which, nevertheless, it was their true interest to take. Their taking it at last shows that they ought to have taken it from the first. I have learnt from the best departmental authority, and, indeed, the fact is patent from the statistics of irrigation, that whenever there is a drought there is an immediate extension of irrigation. When the drought ceases, and the seasons become good again, the irrigation, once begun, is maintained. This has occurred, over and over again, with tens of thousands of acres. The facts prove that, in all these instances, the water, which was all along available, might, with every advantage, have been taken from the first, and that the people were wrong in not taking it and in not finding out their true interest sooner. When they find it out later, it is only after some terrible teachings from famine or distress.”

CHAPTER XIV

THE HON'BLE SECRETARY OF STATE
R. TEMPLE
26TH October 1871

The Secretary of State has not condemned the levy of a rate on irrigable, but not irrigated land, on the contrary, he suggests possible conditions under which a rate might be leviable from such land.

A compulsory irrigation rate does not differ from a road or school cess.

It is not conceivable how, except in alluvial districts, it can be for a man's interest not to take canal water if it be obtainable, though it is true that in tens of thousands of instances people, from ignorance or apathy have failed to take canal water for years and years.

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THE HON'BLE SIR

R. TEMPLE

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"It is true that extension of irrigation arises from other causes besides, such as deve'opment of subsidiary channels, but after allowance for all this, the fact, as I have just set forth, remains

"Again, if ever a people had an awful lesson of the consequences of drought, it was the people of Orissa. They saw the terrible mortality from Famine when the rains were withheld. Nevertheless, when, shortly afterwards, canal irrigation was brought to their very fields, they refused to take the water, because they would have to pay for it! I have heard, though I would fain hope that this cannot be altogether correct, that the land holders incited the tenants to refuse, on account of some fancied object. Be this as it may, I believe that there have been, at times, combinations with this view, and a considerable reluctance to use the water. Of course it is the interest of the Orissa people to take, and pay for, the water, though they often fail to find it out.

"Fortunately there has not, as yet, been any such tendency observable in the Punjab. The seasons for the last decade of years, have been very dry there. But I can remember cycles of wet seasons when sandy unirrigated soils, usually unproductive, became very productive without any outlay of capital, and placed the irrigated lands, cultivated with outlay of capital, at an unusual disadvantage, glutted the markets with produce, caused prices to fall, rendered it difficult for the farmers to get money wherewith to pay the revenue, and caused much economic disturbance. All this will be found in the Punjab Reports for 1855-56. Now, if such circumstances recur, as they easily may, it is quite conceivable that the Punjabees might try to escape paying for canal water, quite forgetting that such payment is really their insurance against cycles of dry years, which are more frequent than wet years, and forgetting that if they, who benefit, do not pay for the canals, the cost must fall on somebody else, and will actually fall on the General Tax-payer.

The advantages of canal water are so decidedly superior that in the North Western Provinces and the Punjab it supersedes the use of wells.

"Then Mr. Cockerell stated that cultivators might have substantial reasons for not taking canal water. I felt curious to hear what these reasons could possibly be. At length my Hon'ble friend gave one such reason, which was this, that the men might have wells and therefore did not want canal water, evidently supposing that well irrigation is sufficient and is nearly as good as canal irrigation. Such, however, is not at all the fact. In many parts of Northern India, indeed, the wells are very efficient, and have solid masonry. But, at the best, irrigation from wells is nothing like as good as irrigation from canals. The well irrigation is wholly insufficient, however useful up to a certain point, to ward off the consequences of drought, whereas canal irrigation does, to a considerable degree, suffice. Further, both in the North-Western Provinces and in the Punjab, so completely does canal irrigation supersede the use of wells that I have seen regret expressed that more water had not been reserved for tracts which had not even the advantage of wells.

"The existence of well irrigation, therefore, though it may be a reason for the Canal Officers reserving some part of the water for less favoured tracts, is not in truth a 'substantial reason' for a cultivator refusing canal water if it be offered to him.

* * * * *

The compulsory rate will not be levied to cover the cost of failures.

"Then Mr. Cockerell said that it would be unfair to saddle the cost of a canal which has failed, on the community through whose villages it passes, and that such loss ought rather to be borne by the General Tax payer, that is, by the whole Country. Now these remarks seem to me to arise from an utter misapprehension of this part of the Bill. The Bill is, purposely, so drafted that the Rate cannot possibly be levied if the canal has at all failed, and can only be levied when it has palpably and demonstrably succeeded. On turning to the important Section fifty, we find that the Compulsory Rate can only be levied—

"When the following conditions are complied with (a) that the land is cultivated but not irrigated, (b) that the net annual value of the produce of the land, or the productive powers thereof, will be increased by the irrigation thereof by canal water after deducting all necessary charges incurred in cultivating the same conveying the water thereto, and paying all Government charges in respect of such irrigation, (c) that the Divisional Canal Officer shall have tendered to the Occupier or Owner thereof a supply of canal water sufficient for the irrigation thereof in the manner customary in the irrigation of land from a canal, (d) that the Divisional Canal Officer shall have offered to the said Occupier or Owner to construct the works necessary for conveying the water to the said land under Section fifteen, or (if the said Occupier or Owner shall so prefer) to apply the provisions of Sections twenty and twenty four for the construction or transfer of a water course, or shall have tendered an advance of money sufficient to provide for the construction of the said works, such advance to be repayable in conformity with the Rules for making and recovering advances made under the Act for the time being in force as to advances for improvements in land.

"Manifestly the proof of the canal is in the water? If the water is tendered as set forth in the conditions I have just quoted, the canal cannot have failed, and the cultivator can only be made to pay when he receives water from a canal which must, from the essence and nature of the conditions, be in an efficient working order.

"Then Mr. Cockerell quotes from a Report which states that the projected Sarda Canal will pass through a country already irrigated by 'kueha' wells, evidently thinking that such a tract will not really need canal irrigation and should not be made to pay for the same. In the first place the Sarda Canal, as now designed, is not to pass through a country thus irrigated. But if it were so designed, then would the fact of its passing through such a tract be any sort of proof of its not being imperatively needed? Is irrigation from 'kueha' wells, in the least degree, a substitute for canal irrigation? Assuredly not. What is a 'kueha' well? Why it is just a hole dug in the ground where, ordinarily, water is met with near the surface, it is unsupported by masonry, and is, altogether, of a temporary and uncertain character. So long as the rains are propitious, as the clouds drop fitness, as moisture is retained in the ground, these kueha wells are serviceable. But on the slightest stress of drought, or failure of season, they

inevitably become useless. Their existence therefore furnishes no reason whatever for Canal water not being introduced and canal rates levied. Indeed, the remarks I am combatting run counter to the fundamental principle of Canal Irrigation in Northern India. We want something more reliable than the periodical rains, than the kucha wells which constitute the lowest and most precarious kind of irrigation, than even masonry wells of the better sort. These things depend on climatic considerations, which meteorological experience has shown to be dangerous to life and property. We cannot depend on local supply of water for Hindostan. But there is one supply of water which we can, comparatively, depend upon, and that is derived from the mighty range of the Himalayan mountains which overhang Hindostan. There Providence has stored an infinite quantity of snow and glacier, and perennial waters, for the use of man, for the sustenance of the people who dwell in the arid plains below, if we will only learn, by application of science, to utilize these natural advantages, and if the Agriculturists will submit to the pecuniary sacrifices necessary thereto.

The Hon'ble Mr STRACHEY said:—"My Lord, I propose, in the remarks which I am about to make, to confine myself to one part of the Bill only, that part which provides, under certain circumstances, for imposing Compulsory Rates on the owners of irrigable land. In regard to the other important subjects to which this Bill refers, I think that I need say nothing, because they have been already sufficiently discussed. We all know, my Lord, what a common practice it is, in arguing, to attribute to one's adversary all sorts of opinions which he never expressed, and never held, and, having demolished one's imaginary enemy, to triumph in an imaginary victory. I am sorry to be obliged to say that there has been a great deal of this kind of argument on the present subject. I shall now endeavour to state the reasons for which I believe it to be essential that the principle regarding which there has been so much discussion, and which is affirmed by Sections 44 to 49 of this Bill, should be distinctly laid down by the law.

"Although there has been much difference of opinion regarding the exact manner in which that principle should be practically applied, the principle itself has been distinctly declared by the Government of India, for several years past, as one of essential importance. This has been repeatedly said in the published orders and despatches of the Government, and also by your Excellency and by Members of the Government in the Legislative Council. The justice of that principle has been, with rare exceptions, acknowledged by the highest authorities connected with both the Supreme and Local Governments.

"The public hardly appreciates the serious financial considerations which are involved. Already, as Colonel Strachey stated, last year, in this Council, we have incurred, or are in progress of incurring, an expenditure on canals, in the North-West Provinces, Punjab and Oudh alone, of more than £20,000,000.

"Other great undertakings of a similar character are going on, in other parts of India, and Colonel Strachey informed us that, before long, the liabilities for works of irrigation would amount to an annual charge of several millions sterling.

"The duty of executing these works, if it can be done without extreme financial danger, is obvious, for, in no other way, is it possible to give real and complete protection to the Country against the terrible Famines, which, even to this day, periodically devastate the land.

"There is a common idea that these great canals not only pay all their expenses, but that they bring a great and certain direct return to the Treasury. Unfortunately this is only partly true. There is, doubtless, ample reason for believing that these works will ultimately be highly remunerative, but it has been proved by actual experience, as my Hon'ble friend, Sir R. Temple, has already observed, that this result often takes a very long time to bring about. In regard to the reasons which lead to this delay in obtaining the full benefits of the canal, I shall have to speak again, presently.

"I will now only say that, without at all undervaluing other reasons—such as bad management of our own officers, insufficient construction of subsidiary channels, and other causes which have often had much influence—I am satisfied that the main cause of this delay has been, ordinarily, the ignorance of the people, and their disinclination to embark in any novelty. They, and their fathers before them, from time immemorial, have cultivated their fields with no water but the rain from heaven, or that raised, laboriously, from wells, and they can no more appreciate, in a moment, the advantages which the canal offers them, than the people of our towns can appreciate the value of clean streets and drainage, and wholesome water to drink. I will quote here a despatch, written about two years ago, from the Government of the North-Western Provinces, in illustration of this part of the subject. It was written regarding the projected new canal from the Ganges, and with particular reference to the irrigation of the autumnal crops, but it applies in principle to irrigation canals generally.

"As regards the projected *khari* canal, it will be long before the people avail themselves fully of the contemplated autumn supply for other crops than indigo, sugar and cotton. In the Eastern Jumna Canal the eventual proportion of nine twentieths now taken by the people for *khari* cultivation is the result of an education of some forty years in the use and benefits of canal irrigation. The experience of the past year goes to show that, at the present time cultivators in the Doab wait looking for the rain from heaven, and only at the last moment and, therefore only in really bad seasons, resort to the canal in aid of the commoner crops. His Honour is not insensible to the benefits of *khari* canals, and would, indeed, be glad to see the one projected by the Chief Engineer carried into effect, if it can be done with a due regard to financial considerations. But the Lieutenant Governor holds strongly that, in the Doab, irrigation from such a canal could not supersede or stand instead of, *rubbee* irrigation, and also that, in calculating returns for capital invested in such an undertaking the disinclination of the people in this part of the Country must be borne in mind. Perhaps, on an average, one out of every five years may prove a failure, and lead the people to the canal for their ordinary autumnal crops, in the end, after a long series of years, they may have learned fully to appreciate and use the water irrespective of the season. But, certainly, for a considerable period, the water would be but partially used during the

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THE HON'BLE SIR
R. TEMPLE
26TH OCTOBER 1871

THE HON'BLE
J. STRACHEY

The principle of a compulsory irrigation rate leviable under the conditions defined by the Government of India, has been repeatedly declared, and its enforcement is a virtual necessity.

The duty of executing irrigation works for the complete protection of the country against the famines which periodically devastate the land, is obvious if it can be done without extreme financial danger. Inasmuch, however, as the works are only partly remunerative, from the very long time that the people take to appreciate the advantages of canals, whilst the interest charge, meanwhile, on the outlay is very considerable, it is proper that the sum wanting for payment of interest should be made up by a compulsory rate on the lands for the benefit of which the works were constructed.

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THE HON'BLE
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Monsoon, and the return in water rate would be proportionally low. But delayed returns are equivalent to an increase of the capital invested, and the Lieutenant-Governor thinks that this point has not been sufficiently regarded in the calculations of the Chief Engineer.

"There can be no doubt, I believe, that this is, generally, true. Ultimately, the people find out the value of the Canal, and every drop of water is utilized and anxiously demanded, but, until this result arrives, the Government has to go on paying the interest on the borrowed money with which the Canal has been made. So long as these works were upon a small scale, and constructed with such funds as could be made available from the annual revenue, the matter was one of minor importance, but, now, that we are expending on these canals, millions of borrowed money, it becomes a matter of most urgent financial necessity that there should be no doubt as to the mode by which the interest on these charges is to be secured. The Government of India maintains—and this is the general principle which underlies the Sections of which I am speaking—that if, after these works have been constructed, the income be insufficient to cover the interest on the Capital Charge, then the deficiency ought not to be borne by the General Tax-payer, but by the particular Districts which have benefited by the canal, which, by its construction, have been protected against famine, and where the value of landed property has been enormously increased. That this principle is equitable and right, and that the other principle—that of throwing upon the Tax-payers in distant parts of the Country charges for works of local utility—is thoroughly inequitable and wrong, seems to me to be a proposition not open to doubt. It is a principle recognized in every civilized Country, and it is now recognized in India in regard to all other classes of public works and objects of local utility. I should like to read to the Council what one of the wisest and most accomplished Statesmen who ever came to India, Lord Sandhurst, said upon this subject.

"It was but too true that there was a sort of feeling among certain classes of the public, this including, not only the ryots and the petty landholders, but even some of our own officers in responsible situations, that there was a kind of bottomless purse, into which all were free to dip their hands, at pleasure, for local objects, without any local responsibility of reimbursement, this unlimited Treasury being what was called the Government.

"We could understand the ryot or the petty landholder having this notion of the Sukar, but it was difficult to comprehend how responsible officers charged with the care of administration, who were aware of the almost infinite demands on the Government, should fall into such errors of reasoning.

"Well this matter seemed to be fairly set right by certain Clauses in the Bill. Some alteration in the wording, some modifications, might be required, but the principle according to which these works must be carried out, henceforth, was described in a manner admitting of no mistake in future.

"It could not be too clearly declared that the Provinces, the Districts, the Populations which benefited by the reproductive works must be responsible for the expenditure incurred on account of them, and that this must not be thrown on the Country at large on the system of General Taxation."

"There has been much discussion in regard to the manner in which this principle should be carried into practice. Although the procedure laid down in these Sections of the Bill is absolutely just, and, so far as it goes, as it seems to me, beyond criticism, I do not pretend to say that, personally, I think it goes far enough. The Bill is, I think, needlessly tender when it provides that no Compulsory Rate should be levied except on those owners of irrigable land the value of whose property has been directly increased by the canal, and who can certainly, by using the water afforded to them, re-comp themselves for the charge that is imposed upon them. I think it would have been simpler, and quite equitable, to make the incidence of the rate much wider, and to impose it upon all property within the Districts certainly benefited by the canal. My Hon'ble friend, Sir Richard Temple, has already referred to the series of laws which have been passed for every Province of India, laying down the principle that, if more Roads and Bridges and Schools and Hospitals and other works of local utility are required, they must be provided at the charge of the Districts which want them, and not at the charge of the Tax-payers in other Provinces. I cannot conceive why Canals are to be an exception to this general rule. It is, of course, true that the benefits of canals often extend beyond the local limits of the Country through which they pass. The same may be said of almost every great work of public utility, but there can be no question that no works exist of which the purely local benefit is so certain and so immediate as that of an irrigation canal. I will give an example. A few months ago, an Act was passed authorizing the imposition, in the Permanently-settled Districts of the North-Western Provinces, of a rate of two annas on every acre of cultivated land, for constructing and maintaining Roads and Communications, for the Police and District Post, for Schools, Hospitals, Lunatic Asylums, Markets, Wells and Tanks, and any other local works likely to promote the public health, comfort or convenience. I am altogether unable to understand how, if it is right to impose General Local Rates for such purposes as these, it can be wrong to impose them for works of irrigation, which afford absolute protection against famine, and which confer upon the people of the Districts, through which they pass, benefits to life and property incomparably greater than those which any other public works can give. It must not be supposed that such rates would be heavy, they would never be required to meet the whole charges on account of the capital expended, but only to make good the difference between the actual income from the works, and the income required to protect the State against loss, and to secure the gradual repayment of the borrowed money.

"By no possibility could such a Rate be heavy. I may give an illustration. It has been proved in the case of the greatest and most expensive project of canal irrigation ever proposed in Northern India—that of the Sindhu Canal (I speak of the project in its original shape, for it has been, subsequently, greatly cut down)—that the financial success of the scheme could be placed beyond doubt, and a return of at least seven per cent on a capital of £5,000,000 sterling be rendered certain, by imposing a General Rate of one and a half anna, or about two pence farthing, per acre on the cultivated and culturable lands through which the Canal will pass.

An irrigation rate would be on precisely the same footing as the cesses for roads, school &c. Indeed, no works exist of which the purely local benefit is so certain and so immediate as that of an irrigation canal. By no possibility could an irrigation rate be heavy as it would only make good the difference between the actual income from the works and the income required to protect the State against loss and to secure the gradual repayment of the borrowed money.

The average rate at which the Government land revenue now falls upon these lands is about two rupees an acre. If this were increased to two rupees, one anna and six pies, the people on whom the rate was levied would be, for the most part, absolutely ignorant that any fresh charge had been put upon them, while they could not help knowing that they had received a blessing of almost incalculable magnitude. Surely, this is a fairer way of protecting the finances of the Empire against loss, than imposing taxes on the people of Calcutta, Madras and Bombay for the benefit of the people of Oudh.

"The present Bill, while it generally affirms this principle of Local Responsibility, applies it, in practice, only to a limited extent. These Sections, as my Hon'ble friend, Mr Ellis, has observed, represent, in fact, a compromise between two opinions, both of which, however, admitted the general principle at stake. It has been thought better, at present to confine the power of imposing a Special Water-rate to those cases in which it can be proved that the water might be taken with retinal profit to the proprietor if he chose to take it, and that, after taking the water and paying the rate, the annual value of his land would be greater than before. Most elaborate safe-guards have been inserted in the Bill to prevent the possibility of hardship to individuals. They are so elaborate, that I am afraid it will not be easy to apply them in practice.

"They are, however, on the safe side. They are entirely in favour of the people and against the Government. My Hon'ble friend, Sir Richard Temple, has already stated to the Council, and I therefore need not repeat, the conditions which must be fulfilled before this special rate on irrigable lands can be imposed. My Hon'ble friend, Mr Cockerell, quoted with approval, to the Council, a description of those conditions, from a despatch lately received from the Government of the North-Western Provinces. With your Excellency's permission I will again read to the Council the same passage.

"As the Bill now stands this extraordinary rate may be imposed on the report of an officer that the owners and occupants of lands irrigable by such canal have not made reasonable use of the canal for purposes of irrigation. * * * 'The measure will simply be based on the opinion that 'reasonable use' has not been made by the people of the canal and, on this opinion, an agriculturist who never took a drop of water from the canal, or intends to take it, who finds, in fact, that it is not for his interest to bring water channels to his fields, can be charged a special rate which may reach to two rupees an acre. The injustice of such a proceeding seems to be patent on the mere statement of it.

"Certainly, my Lord, the injustice of such a proceeding would be patent, but why should the intention of any such proceeding be attributed to the Government of India? Not only has this Government never contemplated such injustice, but I affirm that there is not a word in this Bill to justify the charge. The simple answer to objections of this character is, that they are objections to propositions which have never been made, and to provisions which have no existence in the Bill, and that, under no circumstances whatever, will it be possible to impose the Special Rate upon any land, unless it can be proved, not only that it is irrigable from the canal, but that such irrigation will, certainly, increase its net annual value. No rate can be imposed on account of the canal until the value of the land has been actually increased by the construction of the canal. This answer also completely meets the objection that the power of imposing Compulsory Rates may encourage the execution of extravagant and unremunerative projects. It will be impossible for the Government to throw upon any one any loss arising from any such causes, for no one can be called on to pay who may not, if he chooses, derive a greater benefit from the canal than any charge which can be placed on him. It is said 'it would not be equitable to levy the Special Rate from those who never touched the water.' Now, I ask the Council whether something precisely equivalent is not done in hundreds of cases with which we are all familiar? I will give one illustration—the Water-works of Calcutta. In this case, the Municipality—which, notwithstanding what has fallen from my Hon'ble friend, Mr Cockerell, on the subject of Indian Municipalities, I affirm to be, virtually, nothing more than a branch of the Government—borrowed half a million of money, and brought into Calcutta an excellent supply of pure water. To cover the charges for this work, a compulsory water-rate is imposed upon all owners and occupiers of houses in Calcutta. A few years ago, there was a violent opposition, on the part of a certain very orthodox Section of the Community, against the gross injustice of being made to pay for water they did not want, and which they would never touch. 'It is true,' they said, 'we could use this water if we chose, and you are pleased to think that we should be the better for it. We think differently, from time immemorial we and our forefathers have gone on without these new-fangled notions, you may say if you like, that the water which we drink is a filthy fluid scooped up out of noisome tanks. We are satisfied with it, and we protest against the injustice of being made to pay for water which nothing shall induce us to use.' These objections did not prevail. The Government was not prepared to relieve these people from payment of their share of the Water rate. It virtually said to them, 'you can use the water if you like, and it will be as beneficial to you as to your neighbours to be saved from cholera, and to have your streets made clean and wholesome. We refuse, on account of your objections, either to throw an additional burthen on your neighbours who drink the water, or to tax people in other parts of India.' The objectors paid their Water-rates, and now, I am happy to say, they have given up all their objections and have taken to drinking the water. The parallel is a perfectly fair one. We propose to do nothing more, we propose, indeed, to do very much less, in the way of imposing Compulsory Water-rates upon people who can, if they choose to do so, use the water to their own benefit, than has been done in Calcutta and Bombay, and in half the cities of the civilized world.

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THE HON'BLE
J. STRACHET,
26th October 1871

It would be unjust to levy water rate from people who do not use the water to take canal water, but nothing of this kind has ever been contemplated.

The water rate levied in Calcutta, even from those who do not use the water supplied by the municipality, is the precise equivalent to a compulsory irrigation rate.

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THE HON'BLE
J STRACHY

26th October 1871

Ignorance, and not the absence of beneficial return, prevents the use of canal water the mischievous consequences of this ignorance injure the whole country, until the pressure of a famine compels resort to canals of which the use is thereafter permanently continued. A compulsory irrigation rate would simply apply the principle which is now supplied by famine. The compulsory rate is also simply analogous to the privilege of enhancing rent, which the law allows to a landlord who at his own cost, makes unirrigated land irrigable.

"But my Lord, there is another reason of great importance, to which my Hon'ble friend, Sir Richard Temple, has already referred, which makes it especially right to bring some pressure to bear upon agriculturists whose ignorance or dislike of change lead them to delay in availing themselves of the benefits of irrigation which are offered to them. If these people only injured themselves, we might leave them alone. If the result of their refusal to use the water were only an additional pecuniary burden on their neighbours, or on the general tax payer, the matter would be more serious, but still the loss would be one that could be measured in money. Unfortunately, this is not the case. These canals are primarily constructed to save the Country from Famine, and, if the water is not taken, the Country is not protected. Thus, the ignorance of the Agriculturists, and their disinclination to adopt new systems of cultivation, defeat the object with which these great works are undertaken. It is a fact that has, in my opinion, been conclusively proved by experience in various parts of India, that it is mainly under the pressure of Famine and scarcity, and failure of the periodical rains, that irrigation makes really rapid progress. So long as the seasons are tolerably favourable, people go on in their old ways, and do not take water from the Canal. There comes a failure of the rains. Then there is a rush for water, and people learn the advantage of the Canal. Having once or twice broken through their old habits, they give them up and continue to take the water regularly. But this experience is gained at a fearful price to the Country. It is lamentable to think of the lives that have been sacrificed, and of the vast amount of property that has perished, during the last ten years, to say nothing of earlier periods, in consequence of the difficulty and slowness with which these ignorant peasants learn the real value of canal irrigation. The present Sections may, I hope, act very advantageously in placing upon the owners of irrigable land, instead of the terrible pressure which is now brought to bear by natural calamity of season, a pressure of a different and purely beneficial kind. This pressure may induce them to co-operate with the Government in extending irrigation, and thereby obtaining for themselves, and for the Country generally, the only effectual remedy against the utter ruin which too often falls upon them in the shape of famine.

"I have one other reason to give in reply to the objections that have been made to these Sections. The power which the Government now proposes to declare that it possesses, is, in principle, strictly similar to that which is recognized by the existing law as possessed by every proprietor of land. I believe this to be true of the whole Bengal Presidency. It is certainly true of Bengal and of the North-Western and Central Provinces. It has been ruled by the High Court of Allahabad that, when a landlord provides facilities for irrigation, of which his tenants with occupancy rights can avail themselves if they choose—if, that is, the landlord, at his own cost, makes unirrigated land irrigable—he may claim an enhanced rent from his tenants.

'It is true, say the High Court, 'that a landlord cannot compel a tenant to use water from wells or other works constructed for facilitating irrigation, but, if a landlord constructs such works, and provide facilities for irrigation of which the tenants may, without expense, avail themselves, if he brings the water to their holdings, we are not at all prepared to hold that he could not, after the service of a proper notice, enhance the rent rates, paid by tenants of the holdings to which such facilities were given, up to the rates paid by tenants of a similar class, holding lands with similar advantages, in places adjacent. A tenant of unirrigated land, if his landlord makes that land irrigable without cost to the tenant, must pay at the rates paid by other similar tenants for irrigable lands in the neighbourhood. If this were not allowed, landlords would have no motive for improving occupancy holdings, a conclusion at which we should arrive with much reluctance.'

"Nor is this all. It has been ruled by the High Court that a 'proprietor is clearly entitled to claim an enhanced rate of rent in consequence of the productive powers of the land having been permanently increased by the proximity of the Ganges Canal, independently of the agency of the ryot.' So, also, it has been, on more than one occasion, ruled by the High Court of Calcutta, that a tenant is liable to enhancement of rent when the productive powers of his land have been increased by improvements constructed at the cost of Government. It comes therefore to this. The Government, the chief landlord of the Country, asks only for a power which private landlords possess already. If the Government makes a canal, and water becomes available for the irrigation of an estate, the private landlord may say to his tenant—'Why do not you take the water that is at your disposal, and thus increase the productive powers of the land which you occupy?' Why, on account of your neglect, and of your bad husbandry, am I to suffer, and get from you only the rent of unirrigated land? Take the water and increase the value of your holding, and pay to me, in future, a rent proportionate to the real value which the land now possesses, and equal to that which good tenants, your neighbours, who have availed themselves of the advantages offered to them, pay for similar land close by.' The Courts would support the landlord in his perfectly reasonable demand. We now ask the Legislature to acknowledge that the State possesses similar rights, and that it may, equitably, demand to receive from those who are virtually its tenants, a similar return for the improvement by which it has permanently increased the value of the land.

"My Lord, I have only one thing more to say. My Hon'ble friend, Mr Coakerell, has told the Council that there have been many protests and expressions of disapprobation against this part of the Bill from many eminent public officers. I admit that the high authority of Sir William Mun may be quoted in support of the views of my Hon'ble friend. But, with this exception, to which I fully concede that high importance must be attached, I venture to assert that it would be difficult to quote a longer list of eminent names in favor of any great Measure which has lately come before this Legislature, than can be quoted in support of the main principle involved in these Sections. I will not refer to the opinions held by your Excellency, or by any one who is now a Member of this Council. But it ought to be remembered that the justice of the principle now under discussion

The Government the chief landlord of the country, asks only for a power, which private landlords possess already, of requiring a rate from the lands which have been permanently improved in value by irrigation works.

was admitted and advocated by Sir Henry Maine, by Sir Henry Durand, by Lord Sandhurst, and by Sir Donald McLeod, that it has been accepted by three successive Lieutenant-Governors of the Panjab, and by three, out of the four, Local Governments of Northern India."

His Excellency THE PRESIDENT said—"I am content to leave to public judgment, in reference to the important principles involved in this Measure, the statements that have been made to-day by my Colleagues."

"I am glad a discussion has taken place, because the principle which is contained in portions of this Bill has been, for some time, rather lost sight of, and it is a matter of satisfaction to me that an opportunity has been given to those who think them right and sound to explain them in the able and complete manner that has been done to-day."

"I have really little to add to what has been said in the discussion now about to close."

"I will not refer to the amendment immediately before the Council. It appears to meet with little favour. At this I am not surprised, for it suggests that this Council should discuss, in the enforced absence of those who are best informed and most interested in the matter, a question which most intimately affects, and affects only, the Province in which we sit."

"It seems to me that the observations of my Hon'ble friend contained, from the beginning of his speech to the end, in enunciation of principles which, if they were carried into effect, might prove the doom of those great works in which we are engaged."

"It is twenty-five or thirty years since great irrigation works were begun in Northern India, the circumstances of the Country are much changed since then. At that time they were conducted on no distinct financial principle, the annual expenditure was not very large, the money to carry them on was generally found according as it was wanted, and the payments on account of interest had not become serious in amount, but, as the wants of the Country developed, and the great and important character of these works was perceived, all wise men who looked to the future of our financial position discovered that, if these works were to be carried on at all, they must be continued on a fixed principle."

"Government, then, determined on distinguishing the expenditure involved thereon from the ordinary expenditure of the year."

"In that they recognised the principle that these great works should be carried on only on the assumption that they were to be, to a great extent, reproductive, and that their finance was to be, as far as possible, separated from the Ordinary Finance of the Empire."

"The principle involved in the Clauses which have been so much discussed to-day, and which contain, to a limited extent, the principle of a Compulsory Rate, is nothing more or less than the logical consequence of the policy which has been adopted, for some years, with regard to these great works—the principle that local works of a beneficial character should be, as far as possible, defrayed from local resources."

"It is said that this is a question of principle as between the Government of India and some of the Local Governments. For my own part, I cannot too strongly express my satisfaction at having heard from the most distinguished member of the Local Administration, that the Clause does not in any way involve a question of principle as between the Supreme and Local Governments. But, if we talk of a principle of this kind being discussed between the Local Governments and the Government of India, without laying myself open to any accusation of presumption, I may say that it is the Government of India whose duty it is mainly to decide. The Government of India appears, in this case, in the joint capacity of a body who are responsible for the general interests of the Country, who represent that co-partnership in the land, which is the property of the public, and who are also in the position of the lender who has to lend trust-money for certain purposes, and whose duty it is to see that it is lent on good and sufficient security."

"Therefore, as between the Government of India and the Local Governments, I am bound to say the position of the Government of India, and the responsibilities which attach to it, are tenfold greater than any responsibility that can possibly attach to a Local Government in such a matter."

"I know that we are as anxious as any Local Government, that these works should be carried out to the utmost extent."

"I do not believe that any Government that ever ruled in India recognised more thoroughly than we do, the enormous advantage of these great works of irrigation, and the paramount duty that lies upon us to promote them, by every means in our power."

"But we believe that, by adopting these principles of sound, and, perhaps, apparently severe, finance—and by no other means—the certainty of a continuance of these works can be secured. We believe that, if you attempt to throw upon the general resources of the Empire, at any time, huge burdens in the shape of expenditure, which will necessitate unpopular, onerous and almost impossible, taxation, the certain result of such a step will be the stoppage of all useful works."

"The extent to which this good principle ought to be carried out is, according to my view, not sufficiently developed in this Bill, but the Measure is good, as far as it goes, and I believe that, in its working, it will have the double effect of making those under whose authority and under whose direction these works are constructed, very much more careful as to economy and efficiency of construction than they would otherwise be, and it will also have the effect of affording to the Government, which is only another term for the General Public, great additional security against loss."

CHAPTER XIV

THE HON'BLE J
STRACHAN,
26th October 1871

The justice of a compulsory rate from lands which have been improved in value by irrigation works has been admitted by Sir H. Maine, Sir H. Durand, Lord Sandhurst, Sir D. McLeod, three successive Lieutenant-Governors of the Panjab, and three out of four Local Governments of Northern India.

LORD MAYO

Local works of a beneficial character should as far as possible be defrayed from local resources. A compulsory irrigation rate simply enforces this principle.

Only by adopting the principle of sound, though perhaps severe, finance, which is applied in a compulsory irrigation rate, and by no other means, can the certainty of a continuance of irrigation works be secured. If you attempt to throw upon the general resources of the empire at any time huge burdens in the shape of expenditure,

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LORD MAYO,
26th October 1871

which will necessitate unpopular, onerous, and almost impossible taxation the certain result of such a step will be the stoppage of all useful works

"If it has that effect, it will be impossible for any future Administration materially to limit the construction of irrigation works which are wisely designed, and which can certainly be completed without immoderate charge upon our annual Revenues

"It has been said that, if errors in design and mistakes in construction occur, the incidence of re-payment should be changed and placed on the shoulders of the people at large

"I can see no force in that argument, and really, when we come to details, we find that the officers who conduct these works, and are really entrusted with their construction, and to whose errors and mistakes (if they occur) misfortunes must be attributed, are more under the influence of the Local Governments than under that of the Government of India

"Who are the officers who are now conducting these works? The officers of Local Governments, and, though these officers require no such incentive to the due exercise of their duties, still, the fact of their being officers of the Local Governments, and under the control of the Lieutenant-Governors and Chief Commissioners of those Provinces in which the works are undertaken, must have the effect of making them careful and energetic

"I think that is sufficient to shew that there is no strength in the argument that, because it is possible that errors in design and mistakes in construction may be committed by the officers of Provincial Governments, therefore, the whole people of India should pay

"It has occurred to me through the whole of this discussion, that a sort of anxiety is apparent that, in an expenditure which is incurred for the sole benefit of a particular class or District, some other class or distant Province ought to partake in the liabilities, and should, under certain circumstances, be made to pay

"This puts me in mind of the old saying of Sydney Smith—'Charity is common to mankind. A sees B in distress, and he is most anxious that C should relieve him'

"I cannot help thinking that this is the sort of feeling which underlies many of these propositions, and there is an intention or a hope, that those who benefit, should pay a good deal, but that, under certain circumstances, others should be bound to contribute

"I do not think that any great undertaking, whether it is in private or public hands, can ever be successfully carried on on such principles

"My Hon'ble friend, Mr Strachey, has alluded to a most apt parallel, in quoting the Calcutta water works

"It is the principle which has been adopted with success, not only in India, but in Europe, where it has always been laid down that, where a great local work is undertaken for the benefit of the majority, there is nothing improper—nay, that there is absolute justice—in making every one who may be benefited, pay his share, whether he accepts the boon derived from the undertaking or not

"The principle has been carried out in all our great works at home. It would never have been admitted for a moment that, if, for instance, a great Drainage Canal is made across a man's estate, which must enrich him as well as all his neighbours, and if he prefers to leave his land to the occupation of wild ducks and snipes, instead of growing clover and corn, therefore, he is to escape paying his share for a boon by which the whole Country is benefited

"I believe this principle can, through the agency of our officers, be carried out without the smallest particle of oppression

Experience shows that if once canal water is taken by the cultivator, the use of it is seldom completely renounced. A compulsory irrigation rate will, simply, render the people more disposed to take the water

Unless this principle be adopted there will be future difficulty from the uncertainty as to your security for these vast loans and as to how and when and by whom such works are to be paid for

"I rejoice to hear from my Hon'ble Colleagues, the Lieutenant-Governor and Mr Egerton, that the desire for obtaining water will be so great in the Punjab, that it is probable that a Compulsory Rate will never be necessary

"I believe that, and I do believe, at the same time, that the value of laying down this principle by an Act in this Legislative Council is so great, that such assurances, however gratifying they may be, ought to have little weight with us. We are quite justified in adopting a general principle of justice and right as a precaution, notwithstanding that it is possible it may never be necessary to carry it into practical effect, but I believe, that the knowledge that this principle is involved in the Bill, and may be enforced, will render the people more disposed to take the water, and we know that experience goes to show that, if once water is taken by the cultivator, the use of it is, seldom, completely renounced

"I have only to repeat my belief that, if a strict, sound and straightforward system is pursued with regard to these works, they will go on, be self-supporting, and will create no future difficulty for the Government. But I believe, at the same time, that, if you endeavour to adopt the hap-hazard principle by which there is to be any uncertainty as to your security for these vast loans, and as to how, and when, and by whom, such works are to be paid for—if a system of scrambling finance is to be adopted with regard to them—they will become a source of serious difficulty and much damage, and that those who resist such wise and necessary precautions and oppose measures similar to this (though they may have the best intentions), are really obstructing, hindering and possibly endangering, the future success of the most beneficent undertakings that any Government has ever promoted for the welfare of its people

The Bill having been passed in the Legislative Council, a copy of the Act was transmitted to the Secretary of State for India, with a copy of the following Minute by His Excellency the Commander-in-Chief

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Minute by His Excellency THE COMMANDER-IN-CHIEF, LORD NAPIER OF MAGDALA, dated 24th October 1871

I object to the 44th Clause of the Bill to regulate the construction and maintenance of Public Works of Irrigation, Navigation and Drainage in the Punjab for the following reasons

2 I believe that this Clause, which provides for levying an Irrigation Rate on lands cultivated but not irrigated, so far from expediting the spread of irrigation, will create a deep sense of injustice, and act seriously as an impediment to the extension of irrigation

3 Both where the Clause could be widely applied, and where its application is likely to be limited, it opens a door to exaction and oppression by the Canal establishments

In the early existence of a canal carried through a thinly-peopled and poorly-cultivated country, such a Country as the great Sutlej Canal may possibly pass through in some part of its course, in which a considerable part of the people would be pastoral, having only a sufficient amount of cultivation for their own moderate wants, the imposition of a Compulsory Rate on cultivated land that might be, but is not, irrigated would tend to drive the cultivation away from the canal to places where it would be unmolested

Water, offered with a threat of a penalty for rejection, would not be looked on as a boon

An unsettled people, little given to agriculture, require to be led gently to appreciate the benefits to irrigation

4 In Districts where irrigation has obtained a footing the Clause is unnecessary The usual condition of the established canals is, that they cannot, in seasons of drought, supply all the water required

But in such canals, there may be cases in which an owner of land may not desire to take the water, for some reason or another He may be fairly supplied with wells for irrigation, and be possessed of sufficient cattle and machinery for working them He may be satisfied with his condition, and not desire to start on an unknown expenditure, for which a debt will hang over his head, for constructing water-courses, or the owner of the land may object to the water-rates and regulations and administration of the canal subordinates who regulate the supply of the water in this case he loses under the Compulsory Rate the very best safeguard against oppression—the power of refusing water

The lands which the owner may decline to irrigate, may be low-lying wet lands, liable to be visited by fever under irrigation, still he is subject to the Compulsory Rate

5 The power of raising a revenue from all the lands within the influence of the canal, whether irrigated or not, removes a powerful incentive to study economy in the execution of the works and rendering the canal acceptable to the people

6 It is said that the law is so fenced round by restrictions, that it could not be abused, the consent of the Supreme Government and of the Local Government will be necessary, but, after all, the report of the case must rest on the discretion and judgment of a single officer

7 On the whole, I consider the Compulsory Rate unnecessary and unjust It is entirely one-sided, because it levies a Compulsory Rate without offering compensation in case there should be a failure of water and consequent loss of crops

The law places the Government in the position of a merchant offering a commodity for sale, with a penalty for not buying it

No 9, dated 14th March, 1872

From—Her Majesty's Secretary of State for India,

To—The Government of India

I have to acknowledge the receipt of the despatch of Your Excellency's predecessor dated 13th December, No 52 of 1871, transmitting an authentic copy of the law noted in the margin, which has been passed by the Council of the Governor General of India, and to which the late Viceroy signified his assent

Act XXX of 1871, Punjab Canal and Drainage Act

2 I regret that I cannot concur with the majority of the Council of the Governor-General assembled to make Laws and Regulations as to the propriety of Section 44 and following Sections I cannot, after giving my best consideration to the subject, regard the provisions of that Section in any other light than an encroachment on private rights, and I concur generally in the views set forth in the Minute of Lord Napier of Magdala

3 But, as it might be inconvenient to disallow, suddenly, an Act which has been some months in operation, I desire that you will introduce a new Bill into Council, omitting the Clauses which have challenged objection, and re-enacting the general provisions

4 You will, probably, find it expedient to include the North-West Provinces within the provisions of the new Measure

CHAPTER XIV

IRRIGATION CESS AND INDIRECT REVENUE FROM IRRIGATION

MAJOR GENERAL R
STRACHEY, R. E.,
11th June 1872
Indirect revenue
from irrigation

6635 *Mr Ayrton, Chairman*] What is the next proposal?—The next is, "That in the separate yearly Revenue Accounts of irrigation works, the income should be held to include all increase of land revenue actually obtained on irrigated lands, a corresponding share of the ordinary revenue establishment proportionate to such increase being at the same time shown as a charge." That is merely to carry out what I have been saying

6636 *Mr Fawcett*] That is 'at once unfair, is it not, as pointed out by Sir Charles Wingfield? Suppose the land were irrigated from tanks which do not cost the Government anything, you still would get an increased amount of revenue because the land was irrigated, although the irrigation was not carried out at the cost of the Government?—That is a misconception when I talk of land revenue obtained from irrigation, it means irrigated from the works

The difference be-
tween wet and dry
rates on land includes
revenue which before
the land was irrigated
from tanks or canals
may have been irri-
gated from wells
If the whole of that
difference be credited
as irrigation revenue,
will not the accounts
be fallacious?

6637 But suppose that they had been previously irrigated from tanks or wells, then you would claim all the increase which arose from irrigation, although you would have got a portion of it from the previous irrigation?—All I can say concerning that is, *De minimis non curat lex*. If the disturbance of truth which arises from such a guise is not important, it is not worth while bothering ourselves about it

6638 You assume the whole case there?—You must allow, I think, that we have no desire to falsify the Public Accounts, and if the conclusion that we arrive at is, that it is not worth while to make the allowance, it need not be made, you must remember that the Revenue Authorities, if we desire to claim credit for more than our irrigation works really are entitled to, will be quite ready to come down and say, "You are not to take credit for that" In fact that question has been raised

6639 But, according to that rule, you lay down as a certain principle of Account a principle which, if carried out, must necessarily lead to a fallacious conclusion as to the profit which these irrigation works yield you say that, after all, it is a question of degree, but, still, you admit that if land, which had been before irrigated by wells and tanks, afterwards became irrigated by such a work as the Ganges Canal, and that instructions which you lay down there were accurately carried out, the result would be to show a fallacious profit?—There would be a certain amount of fallacy, but the element of error is so small, that it may be neglected, I do not think that any Accounts whatever can be considered as absolutely true

6640 *Sir C Wingfield*] Is it not the case that when a settlement officer goes to assess a village, he finds a certain proportion of the land irrigated, he does not enquire whether this land has been irrigated by a canal, or by a well sunk at the expense of the proprietor, but he says, "This being irrigated land, it yields a certain rental" Therefore, it follows that if the irrigation had been provided by the Natives before you made your canal, no part of the increased revenue on irrigated land is derived from your canal, that is to say, that your canal has not contributed to any increase of the revenue, because the sources existed before, in the irrigation supplied by the people themselves?—Supposing that the rental of the land irrigated from wells was as high actually as that of the land after the canal irrigation had been introduced

6641 But have you not also heard it often said that well water is far better for the land than canal water, because canal water holds in solution a considerable deposit of granite washings?—Yes, but, as a fact, whenever the canal is taken, it drives all the wells out

6642 That is perfectly true, where a canal is made, most of the native wells are allowed to fall out of repair?—I say, as a fact, that the cultivator prefers the canal to the well, it is much more economical, it is more valuable, in fact

Sardah canal Peo-
ple in Oudh do not
want water from it

6643 I will put an illustration At the present moment you are going to construct canals in Oudh, the great landowners of Oudh have complained strongly against the making of canals in Oudh, and they are going to petition the Secretary of State against them, they say, "We do not want water from canals, we have abundant means of irrigation as it is, the water in the great part of the Province is a few feet below the surface, and a well can be made at a trifling cost, besides which there are natural depressions which hold water, we are satisfied with the means of irrigation that we have, for which we pay nothing, we make your canals and you immediately come and charge us for the use of the water" In that case, where ample means of irrigation existed before, you cannot credit the Government with the increased assessment on the irrigated land as the result of the construction of your canal?—There has been a great deal of discussion regarding the propriety of carrying out certain projects for canals in Oudh I am perfectly aware of that, and I think, if the Committee want to ascertain what the facts are on that subject, they had better get the correspondence from the India Office

6644 Where the land is abundantly irrigated and you make a canal, you cannot claim for any acre that was irrigated before your canal was made, that you have added to the Government revenue on that land?—If there is no increase of revenue in consequence of irrigation, no one in his senses, of course, would think of claiming any increase on account of it Obviously, before irrigation is introduced, or works are begun, everybody interested has a perfect right to say, "In my opinion there will not be an increase of benefit, and there will not be any increase of revenue, and it is not desirable to spend this money" That I perfectly understand

6645 Did not the Government of India pass a Canal Act in which they laid down this provision, that landholders holding land within reach of irrigation from the canal were to pay a certain Rate, even though they did not use the water?—Not absolutely, only that they might be called upon to pay such a Rate

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MAJOR GENERAL R. STRACHY R.E.,
11th June 1872

Compulsory irrigation cess

6616 That was the first Bill?—Yes

6647 And that Bill was disallowed by the Secretary of State, because he thought it a wrong principle?—I think no Act or Bill has been disallowed, at least I believe I am right in what I am going to say, that he has written to the Government of India to say that he disapproves of that part of it, and requests them to repeal it

6648 There are two Bills one was passed two years ago and that was absolute?—No, excuse me, I had charge of the Bill in the Legislative Council of the Governor General, and I drafted it, and know everything about it

6649 In the papers presented to Parliament, there is a despatch of the Secretary of State disallowing the Bill passed two years ago for the North-West Provinces?—No, excuse me, there has been no Act for the North-West Provinces. A Bill was drafted and a copy sent to the Secretary of State, and he wrote objecting to a part of it, but, at that time, it was under discussion before the Legislative Council

6650 But there has been a later Act for the Punjab which has just come home now, regarding which I put a question in Parliament the other day to know whether the Secretary of State is going to disallow it, as he disallowed the corresponding one before?—That is a misapprehension. The fact is that a Bill was brought in which was originally intended to apply to the North-West Provinces, Oudh, the Punjab and the Central Provinces, the draft of the Bill was sent to the Secretary of State, and, on that Bill, he made certain objections and certain comments

6651 He objected to the principle of making a man pay for a thing which he did not use?—That may be

6652 He used these words, 'That to force irrigation on the people would be to make that unpopular which would otherwise be regarded as a blessing'?—He did say that, but he said a good deal more, and if one comes to discuss what the Secretary of State said I think there is something to be said in the other direction as well as in that direction, but the *missima verba* exist, and the best plan is to refer to them. However, when that despatch of the Secretary of State was written, the Bill was before the Legislative Council under consideration, and, in the course of the discussion which, subsequently, took place in the next year, the conclusion was come to that it was not expedient to pass that Bill for the North-Western Provinces, and that it should be made exclusively applicable to the Punjab, the Lieutenant-Governor of which Province had accepted it as being suitable to the Punjab. There were various points that Sir William Muir did not like

Secretary of State disapproved of a compulsory rate for irrigation

6653 He objected to that principle?—He did object to that, and a great many other people objected to it, but there were also other points. Then that Act was passed for the Punjab

6654 Quite recently?—Quite recently

6655 In which the same principle was affirmed, with some slight modification, the principle that men might be charged for Water-rate who could get water, but did not use it?—Quite so

6656 And that is now before the Secretary of State?—He has written, as I said before, to the Government of India, as I am informed (I have not seen the despatch), to say that the rest of the Act is excellent, but that that part of it he cannot sanction, and that he requests, therefore, that it shall be repealed. I think you will find that that is the fact

6657 Does not the making such a provision as that involve a conviction on the part of the Indian Government, that, if the people are left free to take water or not as they please, canals will not pay?—No, not at all

Does not the Government's desire for a compulsory irrigation rate imply a fear that without it some irrigation works will not pay?

6658 Why did you, then, provide that, in the event of your not getting a certain revenue from the regular sale of your water, you shall derive a certain amount from people who do not use it?—It seems to me that it is extremely inconvenient to discuss the provisions of a law the precise form of which is not before the Committee

6659 And you have admitted the substance?—No, I have not at all, that there is something of the sort I do not deny, but that it follows, necessarily, that the Government is in great fear that irrigation works will not pay on account of the introduction of some such provision, I deny

6660 Then, how do you explain the introduction of that provision, from which that seems to be the only inference that a person could draw, if you think you could get a profit from the sale of your water, you would be satisfied without such a provision?—Before attempting to discuss or to defend those provisions of the Punjab Canal Act, I should like to have the Act before me

6661 I do not think it necessary to pursue that, members of the Committee can draw their own inference?—I would merely say, if you please, that whatever are the inferences that the Committee, or any Member of the Committee, chooses to draw from it, this Act was discussed by the Government of India, that it passed with the assent of the late Viceroy (Lord Mayo), Sir John Strachey, Sir Richard Temple, Mr Ellis, Mr Stephen, the present Lieutenant-Governor of the Punjab, and Mr Egerton, the Chief Revenue Authority in the Punjab. Of course, everybody has a perfect right to his own opinion as to the propriety of passing such a Measure, but it really comes to a question of opinion. I do not deny, in the smallest degree,

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tion rate

Sir Charles Wingfield's authority on such matters, but I think that the names that I have mentioned are also to be received as respectable authorities

6662 Of course, against that array of names I could set an equally imposing array of Members of the Council, and the Secretary of State at their head. But there is another point you were saying that the Madras Canals have shown very large returns of profit, but have not those returns been swelled by this circumstance, that, owing to the peculiar land settlement in Madras, where you deal with each individual cultivator, land which, before, was unoccupied because it was not irrigated, a canal having been made, and that land having been irrigated, was immediately let, and then the canal department credited itself with the full rental paid by the man who had taken it, is not that so, that they took credit for the full land revenue?—Well, there have been very extravagant claims made on behalf of the Madras works, but I am not referring to those, what I refer to is the conclusion that I came to myself, after having been there, and having examined the whole of the data, so far as I could obtain them, but I have got the actual figures here, if the Committee cares to hear what they are, as to the grounds on which I say that the returns of the Madras Irrigation Works are very large

6663 *Chairman*] Is this all explained in the "Report on Irrigation Works in India, more particularly having reference to the mode of exhibiting their Financial Results. By Colonel R. Strachey, R.E., Inspector General of Irrigation Works," dated the 2nd September 1868?—Yes

Indirect revenue
from irrigation

6664 The whole account is at page 46 of the Parliamentary Return, 389 of 1870?—Yes, I should say, briefly, that, according to my estimate, which I believe is tolerably fair, I make out that the approximate return on the Godavery works at the present time is about 22 per cent on the capital, and the Madras returns elum about double that. For Tanjore I make out that the return may be about 20 or 25 per cent, and the official returns elum 200 per cent, there is a great deal of difference there

6665 *Sir C. Wingfield*] How are those receipts derived, do you know, are they simply from the sale of water?—My calculation was based entirely on the profits of irrigation

6666 Merely the water rate, are you sure the revenue rate has nothing to do with it?—No, nothing but the irrigation profits, the Madras rates, you know, are very high, the revenue rate upon dry land is about Rs 2½ or less per acre, and the revenue rate upon irrigated land is about 7, therefore it is very high, you see, equal to a water rate of Rs 4½ to Rs 5 per acre

6667 But is it not the case that the Orissa Canals have been lowering their rates, that they have brought their rates down very low?—Yes

6668 Something like a rupee and a half, is it not?—I think they are as low as that now

6669 *Mr Fawcett*] You are going through the proposals which you recommended, what I understand is this, that you admit that if the Accounts were carried out in the way in which you wish to see them carried out, it would introduce fallacious conclusions, you say to a small extent, but still it would introduce fallacious conclusions as to the remunerative character of these irrigation works?—I answer that in the negative distinctly

6670 One time you say it would, and another time you say it would not?—I think that it is unfair to put a question in that form

6671 The point I want to put to you is this, supposing the Accounts are carried out in the way you wish them to be carried out, the irrigation works should not only be credited with the water charge, but they should also be credited with the increase of revenue between dry land and irrigated land, that is what you wish, is it not?—What I have said is, that in the revenue account of the irrigation works the income should be held to include all increase of land revenue actually obtained

6672 In consequence of the land being irrigated?—Yes, I say actually obtained

6673 *Mr Fawcett*—Then suppose the land had before been irrigated by works carried out by the people, by wells and tanks (this is the point I want to get at), if the Accounts were carried out in the way in which you wish, would not they credit the irrigation work of the Government with part of the return which would have been yielded by works carried out by the people, I do not say whether they should or should not do so, but simply ask whether they would?—Not necessarily, certainly not, it would be a question with the Government, whether it would be worth while to go into an elaborate calculation to ascertain what was the precise amount of revenue due to a particular well for instance, supposing that there was one well. It might be worth while, or it might not be worth while, of course if there was one acre of land that had been irrigated before in a million that had not been irrigated, in order to get the account rigorously correct, you ought to make a deduction on account of that one acre that had been irrigated before, I admit that perfectly, but if you ask me whether, on account of introducing the income that had been derived from the irrigation of that one acre when I review the result of the irrigation of 1,000,000 acres, I produce a fallacious result, then I say that no fallacious result is introduced into the Account. Therefore, what I say is this it does not follow at all that an allowance may not be made for that single well, the question is, whether it is worth while doing it, also, I say, that the responsibility or the power of deciding whether that sum shall be included or shall be excluded is not in the hands of the Public Works Department, or the Department that renders these Accounts, and it would also be, so to speak, the interest or the duty of the Revenue Authorities to see that there was no such confusion in the Public Accounts, that is to say, that they would say, "This revenue is, properly speaking, Land Revenue, and it has nothing to do with your irrigation works, and we will not allow it to be introduced into the Irrigation Accounts"

6674 It would be their duty to do it, but, then, is there any security that that would be done, are there at the present time any specific instructions that that should be done?—There are no instructions on the subject at all, because the arrangement that I have been speaking of, has not been come to

6675 Then what I understand you, at the present time, to say is, that the Accounts hitherto of these irrigation works have not been kept in a sufficiently clear and intelligible form for us to arrive at any distinct results as to the amount of profit which they yield over and above the fixed irrigation rate?—The Accounts are not sufficiently clear to admit of your obtaining a precise knowledge

6676 And then, without there being any guarantee that they will be made sufficiently clear, the Government of India has recommended, in future years, an expenditure of £40,000,000 upon irrigation works?—I think not. I have no knowledge of the Government of India having recommended an expenditure of £40,000,000

6677 Has not that been recommended?—Suggested, but that is a different thing from recommended

6678 It was not only suggested, but advised, was it not?—I think not

6679 What form did the suggestion take?—The suggestion made by me, for I presume it is a suggestion of mine to which reference is made, was that, so far as I could judge, it might be advisable

6680 Simply "might be," "would be," was it not?—Well, I have no particular objection to "would be," that it would be advisable, so far as my lights went, (of course everything said in that manner is said with that qualification), to spend £30,000,000 or £40,000,000 sterling

6681 Now, with regard to the Eastern Jumna Canal, you said, last time, in reply to a question that I put to you, that no work of importance had been carried out previous to our taking possession of that canal, that it was only a ditch, and that, in consequence of its being a ditch, it cost us more to put that ditch in order than if we had constructed the work altogether, you stated that, did you not?—I said that that was my belief

6682 What do you put down in your accounts the cost of the Eastern Jumna Canal to be, £180,000, do not you?—Up to date, £190,000

6683 The length of the Eastern Jumna Canal, with its tributaries, is 750 miles, is it not?—It is possible, but the length of a canal does not necessarily indicate its value

6684 But can you show any single instance of a canal, with its tributaries of anything like the same length, being constructed in India at a cost of £190,000?—As I said, the length of a canal does not indicate its irrigating capacity at all

6685 If the work which was done in the Eastern Jumna Canal, previously to our taking possession of it, rather increased the cost of constructing it to us than diminished it, what special circumstances caused this canal to be carried out for an unprecedentedly small sum?—The physical circumstances under which it was constructed were totally different from those of any of the great canals that we have been constructing since

6686 Totally different from any of the smaller canals?—What canals?

6687 Any of the smaller canals put down in that return to which I was referring you on the last occasion?—There are some of these smaller works, but they are really hardly worth considering. However, the fact is, that, generally speaking, the reason why the Ganges Canal has cost such a large sum of money is, first, that it is six or seven times as large as the Jumna Canal. The works on the Ganges Canal, in the next place, are, necessarily, of an extremely heavy character, the physical difficulties to be overcome, the engineering difficulties to be overcome, are vastly greater, and the necessary expense also is vastly greater

6688 But then, allowing for all that, the Ganges Canal cost 15 times as much as the Eastern Jumna?—I do not see myself, considering all things, that the difference is so very striking

6689 I simply wanted to get at why this Canal cost so little. Would you like to suggest some further recommendations with regard to the form of keeping these canal Accounts?—The last thing on which there was a considerable discussion was, "That the income shall be held to include all increase of land revenue actually obtained on irrigated lands." Then the next proposal is, "That the increase of land revenue should be ascertained simply by deducting from the actual revenue on the irrigated lands from time to time the former revenue received before the irrigation began, or before the improvements charged to the Capital Account were brought into operation."

6690 "Before the irrigation began," what do you mean, the Government irrigation, or the irrigation of the people themselves?—I mean the irrigation from the works to which this Account refers, of course. The reason for that, and the necessity for it, is that, in Madras, where there is no distinction between the land revenue and the water rate, it is extremely difficult, unless you make some arbitrary rule of that sort, to get any Account at all

6691 If that instruction of yours were carried out, it is at once obvious to you that you would credit these irrigation works with all increase of revenue from whatever source it arose. It must be obvious to you, for instance, that if the great depreciation in the value of money continues, the price of agricultural produce would proportionately rise, and if it rises, the land revenue would proportionately be able to be raised, but you would credit all that increase in the Land Revenue to the Irrigation Works?—That portion of it which is due to irrigation I should

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If all the increase of land revenue, since an irrigation work began in the district irrigated by the work, be credited to irrigation, the amount will be fallacious

6692 *Chairman*] *Pro rata* for the portion, not for the whole?—You have to ascertain what is due to irrigation

6693 *Mr Fawcett*] How can you do that by simply carrying out literally your instructions Will you read that instruction again?—"That the increase of Land Revenue should be ascertained, simply by deducting from the actual revenue on the irrigated lands from time to time the former revenue received before the irrigation began, or before the improvements charged to the Capital Account were brought into operation"

6694 According to that, it is obvious to you that it would introduce the fallacy which my question points out?—That is perfectly true, and I have given a reason for saying that I recommended that At the same time I should say that this has not been actually done, that these were only my recommendations

6695 I do not wish to seem to imply whether these recommendations are good or bad, I simply point out to what result, as a matter of fact, they lead, and I think my conclusion is a just one and a true one, is it not? Have you put any qualification upon that in any subsequent paragraph?—I have explained why I proposed that I say, at page 27, "If it be said that the increase of Land revenue on irrigated lands which follow the introduction of irrigation is not wholly to be attributed to the irrigation, but will partly depend on that natural increase of value in landed property which has nothing to do with the application of irrigation, the truth of the position may at once be conceded But, in reply, it must be said that to distinguish this part of the increase of revenue from the other is quite impossible, moreover, that, if it could be done, it would not be worth while doing it The object of the Government in drawing out Financial Returns of the sort under discussion, is to enable it to arrive at a clear knowledge of the consequences of its outlay of capital on these works in relation to its income after the outlay has been made The essential thing for the State, in a financial point of view, is, that there shall be, in such cases, an improvement of the revenue immediately consequent on the outlay which shall at least cover the interest on that outlay If this improvement takes place, never mind by what causes, the financial safety of the operation that has been undertaken will be secured In short, although the fallacy of the argument, *post hoc ergo propter hoc*, may, in this case, be admitted most fully, it must be added that the *post hoc* is here, in fact, all that is important, and that the precise amount of theoretical error introduced into our calculations of the true profits of our irrigation works will be absolutely small, and, for the purposes in view, quite unworthy of notice"

6696 I want now to put this to you, suppose there is a depreciation in the value of money 50 per cent, prices rise proportionately, and that prices double, that is a very likely thing to occur in India, the revenue would, double, and, entirely independent of irrigation works, and you would put down the whole of that increase to the results of irrigation, and justify the expenditure because it would show so large a return, would you not?—Of course, Accounts kept in that form might be so used, and if they were so used, they would be used foolishly

Where the charge for irrigation is not separate from the land revenue, there is no possible way of ascertaining what increase in the value of land arises from irrigation

6697 Then you say, do you not, that it is impossible to separate what increase in the value of land arises from irrigation and what arises from other causes independent of irrigation, you admit that?—I do not see any way of doing it Where the charge for irrigation is not separate from the land revenue, it seems to me that there is no possible way of arriving at any conclusions

6698 I will not argue the point with you, I understand you, but what you recommend is, that all increase of land revenue, from whatever cause arising, on irrigated land, should be put down to irrigation works, do not you?—That is what I did recommend, but there is a subsequent paper to which I may refer after those original proposals of mine were made, there was a further discussion which took the form of the recommendations of a Committee of the Secretary in the Financial Department, the Secretary in the Home Department, and myself, on this very subject Perhaps, I might just, briefly, say what that is

6699 We need not go into that, I think What is your next recommendation?—I think that it is proper for me to read this, "For the Administrative Accounts, we think," (that is the Committee I spoke of) "that it cannot be doubted that so much of the land revenue as can be distinctly shown to be directly due to canal irrigation should be shown as canal income The facts, so far as they can be ascertained, should be accepted Where the land revenue is fixed for a term of years, the canal share of that revenue would be the portion which at the commencement of the term was charged on account of the irrigation, and no addition to the canal share would be justified during the term, or until some actual revision of the land revenue had been made, and then only on the same principle"

6700 Is there any other recommendation that you made with regard to the Forms of keeping the Accounts?—The other had reference to the General Account, "That in the General Annual Account of Revenues and Expenditure, the present Head of Land revenue be divided into two—Land Revenue Ordinary and Land Revenue Irrigated, and that the entire land revenue of irrigated land, together with all direct revenue derived from irrigation works, be credited under the latter Head, and that all the corresponding charges be debited in like manner" The meaning of that is that at present, the General Accounts of the Revenues of India show under the Head of Land Revenue a very large portion of the revenue which is due to irrigation, and under the Head of Public Works there is a small portion of that shown and my desire was, that the whole of the Revenue which is due to irrigation should be shown together, which, at present, it is not

3701 Is that all that you wish to say under that subject?—Yes

6702 *Mr. Case*—I suppose a great portion of the land which is brought under irrigation by the canals would be absolutely uncultivable without irrigation?—Well, it might be, but not as a rule.

6703 What portion is brought into cultivation by the irrigation works?—I think it is impossible to generalise upon that. In some parts of the Country, for instance, in Sind, without artificial irrigation, cultivation is impossible, because there is no rain, but, in other parts of India, the irrigation merely supplements the natural fall of rain.

6704 In those places where it is not possible, there is no land revenue at all, before the irrigation?—No, you may say that the Land Revenue depends entirely upon the existence of the irrigation, which is the case in Sind.

6705 In such cases, the diminution in the value of money would have no effect whatever upon the revenue of land that is not cultivated at all?—Of course it would not, because there would be none.

6728 *Mr. Fawcett*—With regard to a question which was put to you last time, is not this the fact, that, at the present time, a Punjab Canal Act is in operation, and that Act, which is actually in operation at the present moment, gives you the power to levy Compulsory Irrigation Rates upon people, whether they wish to use the water or not?—Under the circumstances that I mentioned before I began my examination to-day, that I had not expected to have been called, and that I have brought no papers with me, I would rather postpone answering that question, if you will allow me, I am, otherwise, perfectly ready to go into that matter most completely.

6729 I was simply going to ask you not on the policy, but as a matter of fact?—I object to answer a question of that sort, without explaining precisely what are the conditions which are referred to in the part of the Act which refers to that subject.

6730 And also I should examine you, in regard to that, upon the Compulsory Labor which the Act sanctions, I believe, but I will pass to another part now, has not this been found in carrying out various irrigation works, speaking generally as a matter of fact, that the original estimate for their cost has been, almost invariably, exceeded, and that, in many cases, on the other hand, you have not been able to levy as high irrigation rates as you supposed you would be able to levy?—As regards some of the works that is no doubt true, as regards a great many others it is not.

6731 With regard to the Orissa Canal, is it not the case that the calculations that it would yield a large rate of interest were based on the supposition that you would be able to levy an irrigation rate of Rs 2-8, and that the irrigation rate has already been reduced to Re 1-8?—The Orissa Canals were not executed by the Government, and the designs were not made by officers of the Government, or under its authority, or, so to speak, with its knowledge. The estimates of Revenue on which the shareholders of the Company originally carried out those works were not only not approved by the Government, but were distinctly discredited, in the strongest way. Further, when the Government took over those works, they did it, not in the expectation that there would be any immediate return of revenue from the works, but feeling that, under the peculiar circumstances in which the Company was placed, at the particular time that the works were taken over, which immediately followed the great Famine in Orissa, there was an obligation put upon them to continue to carry out the works in the best way that was possible, and to do all in their power, to spread irrigation in those Districts of Orissa which had suffered so cruelly by reason of the Famine.

6732 But, if the Government actually discredited the Estimates of this particular Canal Company or Irrigation Company, and placed no confidence in them whatever, how came it that they bought the Company at par, giving 400,000*l* more than the quoted market value of the shares, and, in addition to that, a bonus of 50 per cent?—I think that the reasons which led the Government to that are to be found in a despatch of the Government of India to the Secretary of State, which can be referred to. But, in general terms, the position was simply this, that the Government of India felt that it was essential to do something, and to do something, at once. They had been, for a year or two, lending money to the Company for the purpose of admitting the works being carried on, because the funds of the Company had come to an end, and it was perfectly clear that the Company could not raise any more money. If the Government had not offered to take over the works of the Company on what may be generally called liberal terms, the necessary result must have been that a discussion would have been got up which probably would have extended over years, and, meanwhile, the works in Orissa would not have been carried on, and, under the peculiar circumstances of that Province, the Government of India felt that it was impossible that any further delay should be permitted in giving all possible completeness to the system of irrigation works which the Company had begun.

6992 *Mr. Grant Duff*—Now, have you anything to say about the Compulsory Rating of the land for irrigation, and about the motives for that proposal?—Yes. This question was put to me at No 6657. "Does not the making of such a provision as that indicate a conviction on the part of the Indian Government, that, if the people are left free to take water or not, as they please, canals will not pay?" Now, I wish to explain, in consequence of that question, and the turn that the answer to it and the subsequent questions took, what really were the objects (I need not go very much into the nature of the Clause) of the Government in proposing any such Clauses in that Act, and in giving the general form to the Act that was given to it. It is perfectly evident that, when the Government undertakes irrigation works on a large scale, it becomes most important to see that they shall be made, if possible, financially

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11th June 1872

Indirect revenue
from irrigation
works

14th June 1872

The cost of some
irrigation works
eventually exceeds
and their revenue
eventually falls short
of the estimates for
the projects

18th June 1872

Compulsory rating
for irrigation

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MAJOR GENERAL
R SIRACHET, R. F.,
18th June 1872

An irrigation canal
benefits not only the
cultivators who use
it, but the whole
country in which irri-
gation goes on. The
prevention of famine,
and of destruction of
cattleduring drought,
is an advantage to
the whole district

satisfactory, and it therefore becomes necessary to ascertain what is the most just way of charging for the use of the water, and for the benefits that will be derived from the irrigation. Now, the degrees of benefit which are produced by irrigation works, are very various. There is no doubt that the person who constantly and directly uses the water is the person who is the most benefited, but I say that a man who has provided for him, in times of difficulty, a canal, which he is able, at any time, to use when a season of drought comes, say once in 10 or once in 15 years, is most distantly, and in a most important degree, benefited by the existence of the canal, although, for a series of years, he does not make use of the water, it is a benefit in the nature of insurance. Again, not only does an irrigation canal benefit the individual cultivators who, constantly or periodically, use it, but it benefits the whole Country in which the irrigation goes on. The mere fact of famine in its worst form being impossible in a District which was before liable to it, is, in itself, a very great advantage. And neither of the very great contingent advantages of these Irrigation Works which have to be seriously considered in adjusting the payments that are to be made for them, is the fact that they prevent one of the first results of a drought, which is the destruction of the agricultural cattle. By having a permanent stream of water flowing through the Country, and by providing a permanent and unfailing source of fodder for the cattle of the Country, from one end of it to the other, you, practically, are able, under the most unfavourable circumstances, to support cattle in the seasons in which the periodical rains fail. In these various ways, the benefits of a canal extend far beyond those that are given to the actual cultivator who, year by year, irrigates his fields. Whether the Government, in the measures it actually adopted, took the best possible course or not is, of course, a matter which is thoroughly open to discussion, but their intention was to endeavour to put the charge for these new irrigation works, as far as possible on the Districts to which the works would be directly advantageous and profitable. And Lord Mayo expressed himself, most plainly, in this way when these Clauses were discussed in the Legislative Council. He said "It is perfectly unreasonable that the people of Madras or of Bombay should be made to pay for the benefits, in the shape of irrigation, which are given to the inhabitants of the North-Western Provinces, so far as it is possible, let us apportion the burden among those people who obtain the benefits." It is perfectly open to discussion whether the particular Measure that was proposed was the best possible for arriving at that end, but the intention of the Government of India was a thoroughly honest intention, and, as the Secretary of State, who is supreme in these matters, has expressed his opinion that it is not desirable to maintain the plan, I think that the question has been closed, and that nothing more need be said by me on the subject.

6993 Have you anything more you want to say upon irrigation?—I think that is all I should care to say regarding the irrigation works.

A compulsory rate
for irrigation is a
sort of insurance
against famine

6991 Mr J B Smith] You consider that this principle of making the owners of land through which the irrigation river passes pay a certain sum for it is a sort of insurance against famine?—I do, decidedly.

21st June 1872

7051 Mr Eastwick —Mr Geddes says that Orissa would be much benefited by the irrigation works, provided that the cost of the irrigation works was not defrayed by Orissa. I suppose you would admit that, but do you think that those irrigation works would be beneficial, notwithstanding the additional taxation which, of course, they must impose upon Orissa, as upon all India?—I think that there is every reason to suppose that those works will, eventually, be profitable, and, if I may be allowed to take the opportunity, *a propos* of that observation of Mr Geddes, I will read a sentence from a speech that Lord Mayo made on the recent passing of the Canal Act, he said this "It has occurred to me throughout the whole of this discussion, that a sort of anxiety is apparent that, in an expenditure which is incurred for the sole benefit of a particular class or District, some other class or distant Province ought to partake in the liabilities, and should, under certain circumstances, be made to pay. This puts me in mind of the old saying of Sydney Smith, 'Charity is common to mankind. A sees B in distress, and he is most anxious that C should relieve him.'"

7203 Mr Fawcett—You kindly said that you would give me information on two points on which you were not prepared to do so when last I examined you, namely, first, the exact nature of these Punjab Canal Acts. Do I not give a correct description when I say that one Act was passed when you were connected with the Government of India, and was afterwards disallowed by the Secretary of State, containing provisions that, if the canal did not pay seven per cent, the people who did not use the water should be taxed for it or, compelled to use it?—As I stated before to Sir Charles Wingfield, it is a mistake to talk about two Acts, there were not two, only one.

7204 Was not that a clause in the Act?—It was something of that sort.

7205 I am not going to condemn the Act, but simply to get at the facts, and I will draw my own conclusions?—That is what I wish to do too, and therefore I say, as you have not represented the precise form of the Act, I would like to show what it is. Here is Section 41 of the Act as it was passed.

7206 Are you referring to the Act that was disallowed by the Secretary of State?—No. Act has been disallowed by the Secretary of State.

7207 I took it from your former evidence, you did not deny the existence of two Acts?—Sir Charles Wingfield tried to persuade me that there were two Acts, and I endeavoured to explain that there were not, and I said, quite plainly, that there was one Bill brought in,

that a copy of the draft of that Bill was sent to the Secretary of State, that he objected to certain parts of it, that the discussion continued, and that, eventually, the Bill, which had been brought in as a Bill to apply to the North-Western Provinces, Oudh, the Punjab and the Central Provinces, was passed as applicable only to the Punjab, and the Act which became law, and which is law, in fact, at the present time, is this Act which I have got here, on that being sent to the Secretary of State, he said he continued to object to those parts which he had, before, objected to, but he said that it would be inconvenient to disallow an Act which had already come into operation on such a matter as this, and therefore he requested that the Government of India would repeal that portion of it which he mentioned.

7208 Then it comes to the same thing, that what took place is this there was a Bill submitted to the Secretary of State, that Bill was altered by him, an important Clause was left out, and the Bill as altered is now the Act in operation, that describes it correctly, does it not?—It describes it incorrectly, the Governor General in Council has the power of passing laws for India, and he passed a law, and this Act, in my hands, is the law at the present time, unless it has been repealed since. The Secretary of State said that he would not disallow the law, which he has the power to do, but asked that the Government of India would repeal this part.

7209 A certain Act was passed by the Governor General in Council in India, that I should call Act No. 1, it was submitted to the Secretary of State, he did not disallow the Act, but suggested or recommended or ordered a certain Clause to be repealed, and the Government of India acting upon that suggestion, that Clause was repealed?—No, it has not been repealed to the best of my belief up to the present time, the Government of India has not had time to do it, but it will be repealed.

7210 Whether it has been repealed, or has not been repealed, there are two Acts which are different, one of them is the Act as it was passed by the Governor General, the other of them is the Act which will be what the Act would be as suggested to be altered by the Secretary of State?—I do not think that I can give any other answer.

7211 What was the Act originally passed by the Government of India on this point? Without troubling the Committee, you can describe it in general terms. I have looked at the Act, and I believe mine is a correct description?—I cannot undertake to give a general description of this part of the Act. I should be extremely sorry to have to describe in general terms to this Committee the substance of the Billot Bill. I am particular in saying this, because I find that I have been misconceived when I have given answers such as I naturally give off-hand, I am not an orator, I am not practised in public speaking, and not able to put into a few words the substance of a document of this description without any warning or any preparation, I cannot do it, and the result will be, if I attempt to do it short, of that, I shall be misconceived.

7212 Will you read the paragraph, then?—"At any time not less than five years after the commencement of irrigation from any canal, the Local Government may order an inquiry to be made, by an officer appointed for that purpose, into the condition of such canal, and the irrigation therefrom. If, upon the report of such officer, the Local Government is satisfied that the owners or occupiers of lands irrigable by such canal have not made reasonable use of the canal for purposes of irrigation, the Local Government may, with the previous sanction of the Governor General in Council, issue a Notification in the official Gazette, declaring that the owners of such lands, within local limits to be specified in the Notification, shall be charged with a Special Rate, according to the provisions hereinafter contained." That is Section 44.

7213 Now, I ask you, is it not a fair interpretation of that, that if the people do not make what the Local Government define as reasonable use of the water, they shall be compelled to use it or to pay for it?—I think not, there is no reference whatever to compelling them to make use of the water.

7214 They are to pay for it?—That is a totally different thing.

7215 What is there to modify that interpretation, anything in the subsequent provisions?—"No such Special Rate shall exceed one rupee per half-year per acre of land in respect of which the rate is charged. No such Special Rate shall be charged in respect of any land, if, during the year or half-year, (as the case may be) in respect of which such yearly or half-yearly rate might otherwise be claimed, water sufficient for the irrigation of such land has not been supplied when required by the owner or occupier thereof. For the purposes of Section 44, land shall be deemed irrigable by a canal when the following conditions are complied with in respect thereto: (a) That it is cultivated, and not irrigated, (b) that the net annual value of the produce of the land, or the productive powers thereof, will be increased by the irrigation thereof by canal water, after deducting all necessary charge in cultivating the same, conveying the water thereto, and paying all Government charges in respect of such irrigation, (c) that the Divisional Canal Officer shall have tendered to the Occupier or Owner thereof a supply of canal water sufficient for the irrigation thereof in the manner customary in the irrigation of land from a canal, (d) that the Divisional Canal Officer shall have offered to the said Occupier or Owner to construct the works necessary for conveying the water to the said land under Section 16, or (if the said Occupier or Owner shall so prefer) to apply the provisions of Sections 21, 22 and 23 for the construction or transfer of a water-course, or shall have tendered an advance of money sufficient to provide for the construction of the said works, such advance to be repayable in conformity with the Rules for recovering advances made under the Act for the time being in force, as to advances for improvements in land."

7216 None of those provisions alter the interpretation that I have placed on the Act?—That, I suppose, everybody has a right to judge for himself.

CHAPTER XIV

MAJOR GENERAL
R. STRACHEY, R.E.,
21st June 1872

7217 Do you think they do yourself?—I am not prepared to say what your interpretation is. If you desire me to answer the question whether I could apply specifically to this part of the Act, the words that you have applied to it, I should say, No.

7218 Does the Act distinctly contemplate, under certain circumstances, that, if people do not use the water, they shall be charged a rate?—Certainly.

7219 Was not a provision passed in this Act (I will try to be accurate), or was it not in this Act, that gave the Government the power of obtaining compulsory labor?—In this Act there is what, no doubt you refer to. I can say further, that the Secretary of State, with the advice of his Council, has allowed that part of the Act to stand, and also that, in writing to the Government of India, he has recommended that the Act, with the exception of the parts which I have read, Sections 44 to 49, shall be made applicable to the North-Western Provinces.

Compulsory Labor

7220 So that the only point on which I was not correct is, that this Compulsory Labour will have a wider application than I supposed?—But I should add that “Compulsory Labour,” the expression you used, is a very vague term, and therefore, I had better read the part of the Act which refers to it, because, while, in one sense, it is Compulsory Labour, in another sense it is not so. There is an obligation to labour, but it is only that, or what I should call a Statutory Obligation. The words of the Act are as follows: “For the purposes referred to in this part, the word ‘labourer’ includes persons who exercise any handicraft which shall be specified in rules to be made in that behalf by the Local Government. In any District in which a canal or drainage work is projected, constructed or maintained by Government, the Local Government may, if it thinks fit, direct the Deputy Commissioner to ascertain the proprietors, sub-proprietors or farmers, whose villages or estates are, or will be, in the judgment of the Deputy Commissioner, benefited by such canal or drainage work, and to set down in a List, having due regard to the circumstances of the District and of the several proprietors, sub-proprietors, or farmers, the number of labourers which shall be furnished by any of the said persons, jointly or severally, from any such village or estate, for employment on any such canal or drainage work when required as, hereinafter, provided. The Deputy Commissioner may, from time to time, add to or alter such List or any part thereof. When it appears to a Divisional Canal Officer duly authorised by the Local Government, that, unless some work is immediately executed, serious injury will happen to any Canal or Drainage Work, whereby the proper operation of such Canal or Drainage Work will be stopped, or so much interfered with as to prevent the established course of irrigation or drainage being continued, or to cause sudden and extensive public injury, and that the labourers necessary for the proper execution thereof, cannot be obtained, in the ordinary manner, within the time that can be allowed for the execution of such work so as to avoid such consequences, the said Officer may require any person named in such List to furnish so many labourers (not exceeding the number which, according to the said List, he is liable to supply), as to the said Officer seems necessary for the immediate execution of such work. Every requisition so made shall be in writing, and shall state the nature and locality of the work to be done, the number of labourers to be supplied by the person upon whom the requisition is made, the approximate time for which, and the day on which the labourers will be required, and a copy thereof shall be immediately sent to the Superintending Canal Officer for the information of the Local Government. The rates to be paid to any such labourers, in excess of the highest rates paid in the neighbourhood for similar work, shall be fixed by the Local Government, and the payment shall extend to the whole period during which any such labourer is absent from his ordinary home. The Local Government may direct that the provisions of this part shall be applicable to any District, or part of a District, for the purpose of effecting necessary annual silt clearances. When any requisition has been made on any such person, every labourer ordinarily resident within the village or estate of such person shall be liable to supply, and to continue to supply, his labour, for the purposes aforesaid.” And then, under the head of Offences and Penalties, there is this enactment: “Whoever, without proper authority, and voluntarily, violates any Rule made under this Act, for breach whereof a penalty may be incurred, shall be liable, on conviction before any Magistrate, to a fine not exceeding fifty rupees, or to imprisonment not exceeding one month, or to both.”

7221 You correctly describe that as, under certain circumstances, a statutory obligation to labour?—Yes, I think so.

A compulsory rate for irrigation would exaggerate the profits from irrigation works

7222 Now with reference to these Accounts, which in future years will be made up if this Punjab Act is in operation, a part of the receipts will be receipts for water which has been voluntarily taken, and part of the receipts will be virtually a tax, I do not say whether properly or improperly, but virtually, a tax levied upon people who did not make use of the water. I want to know whether the receipts for water used, and from this tax, will be both lumped together and be quoted to show the net profits of the work?—As I have told you, that part of the Act is going to be repealed, and will not come into operation.

7223 The Government of India, however, wished it to be done as I have described it?—Of course, such receipts if realised would have appeared as Canal Revenue, certainly.

7224 A tax?—You may call it a Tax if you like, I call it a Rate, I do not know exactly what you mean by a Tax.

7225 I mean a payment levied by the Government against persons' wishes?—Is a Water rate a Tax?

7226 But they use the water?—But in many towns, if I am not misinformed, there are rates put upon people who do not use the water.

7227 A rate is another form of a tax?—If it is, then it is a Tax in this case.

COMPULSORY RATES ON IRRIGATION WORKS

5558 *Lord Lawrence*]—But you have expressed an opinion that you would not compel the people to take water unless they liked, you object strongly to the policy of imposing a Compulsory Irrigation Rate, and you are probably aware that the Government of India are so extremely doubtful, at the present time, of many of their irrigation works paying (and some of them undoubtedly have not paid), that they actually inserted a Clause, in an Irrigation Bill lately so little was their confidence in their success, saying that if the scheme did not produce 7 per cent, the people should pay for the water, whether they took it or not. If it is necessary to resort to such Compulsory Powers as that, is it certain that the people would take the water, and if they did not take it, would it prove a great financial success?—I have no doubt, in my own mind, that they would take the water, but what I do admit, which I have already said in a previous examination, is that it takes time for them to take the water as they ought to do, and as they would do when they appreciate it, when they see the great value of the water, they, gradually, learn to appreciate its value, they see that their crops are doubled, trebled, and perhaps quadrupled, and that, instead of being only able to grow inferior crops, they can grow very valuable crops, in that way, the advantages of irrigation become apparent to them, and then, in course of time, they take the water very extensively. I do not think that it was fair to argue that because the Government adopted an erroneous policy in the way that you have described, therefore that is an evidence that irrigation would not pay, I am convinced in my own mind, not from theory, but from experience, that irrigation from canals would pay, and largely, where it is conducted in a proper economical way.

5559 I am not quoting this law or this proposition of imposing a Compulsory Rate, whether the people use the water or not, as a proof that the irrigation works would not pay, but I think that it affords evidence that, at any rate, the Government thought they would not pay, because, otherwise, they would not gratuitously have ever inserted such a Clause in the proposed Act?—Of course, there is a great deal in what you say on this point, but I am inclined to think that Government came to that conclusion in something like this way—they felt that there was a strong party disinclined and adverse to the construction of these Canals, and they thought it was so important for the good of the Country, that canals, in many places, should be constructed, that rather than run the risk of the system of extending canals through the country being put a stop to, they preferred enacting that law. They came to that conclusion, but I think it was an erroneous conclusion. It was suggested, in my time, to do the very same thing, and I fully considered it and talked it over with men of ability and experience in India, and who thoroughly understood the subject, and they agreed with me in thinking that it was not necessary.

CHAPTER XIV

LORD LAWRENCE

27TH JUNE 1873

A compulsory rate
for irrigation works
is not necessary nor
expedient

CHAPTER XV.

ROAD AND EDUCATIONAL CESS IN BENGAL

PAPERS RELATING TO THE LEVY OF A ROAD AND EDUCATIONAL CESS IN BENGAL

(HOME DEPARTMENT—EDUCATION—No 17 of 1869)

To His Grace the Right Honourable the Duke of Argyll, K T, Her Majesty's Secretary of State for India, Fort William, 31st December 1869

CHAPTER XV

Education, to Secretary of State
No 7, dated 2nd
June 1868 No 8,
dated 9th June 1868

MY LORD DUKE,—With our despatches noted on the margin, we transmitted to Her Majesty's Government a copy of correspondence with the Government of Bengal on the subject of providing from local sources the means of extending elementary education among the masses of Bengal, and of constructing and maintaining roads and other works of public utility. We were assured by the Lieutenant-Governor, that* His Honor would apply himself to the consideration of the measures necessary for the imposition of the proposed Local Taxation, and the correspondence terminated with the expression of our hope† that no delay would be allowed to take place in the adoption of the requisite Legislative Proceedings in the Council of the Lieutenant-Governor.

2 Sir Stafford Northcote, in his despatch of the 28th October 1868, No 22, expressed his full approval of the proceedings of the Government of India, as reported in the despatches above mentioned, and added that he would await with interest, our further communications on the subject.

3 We now transmit for your Grace's information a copy of further correspondence‡ with the Government of Bengal.

4 In our original letter to the Government of Bengal, No 237, dated the 25th April 1868, we declared that we declined to discuss, any further, the question of the necessity of providing elementary instruction for the masses of Bengal, or whether the charge ought, or ought not, to fall upon the Imperial Revenues, and we stated that, while we would always be ready to view in the most liberal spirit all questions that might arise, and to afford every help that the Government could reasonably be expected to give, we would “decline, in future, to listen to any proposition the effect of which would be to throw upon the State the main burden of the cost of educating the people of Bengal.” We believed, on receipt of the letter No 1520, dated 13th May 1868, that the Lieutenant-Governor had fully accepted the policy thus laid down by the Government of India, but we have now learned, with extreme regret, that this belief was incorrect.

5 The letter of the Government of Bengal of the 30th April last, in which the whole question of the policy of imposing a Local Cess on lands is discussed, and the objections of the Lieutenant-Governor to such a Cess stated, must be read with its enclosures. The conclusion arrived at by His Honor (paragraph 33) is “that a Separate Tax for Education in the Permanently-settled Districts is very undesirable.” At the same time, His Honor observes (Paragraph 38) that he “is prepared to admit the necessity of a Local Tax upon land for the maintenance and construction of Local Roads.”

6 It was deemed expedient to dispose of the latter question, separately and at once. We have accordingly requested§ the Lieutenant-Governor to take the necessary steps for imposing a Local Cess upon the land for the maintenance

* Letter from Officiating Secretary to Government of Bengal, No 1520, dated 13th May 1868

† Letter to Bengal, No 311, dated 6th June 1868

‡ From Bengal No 1768A, dated 30th April 1869, and enclosures

§ To Bengal No 536, dated 30th September 1869, and endorsements thereon to Public Works and Financial Departments Nos 537 and 538

§ Letter to Bengal, No 536, dated 30th September 1869

and construction of Roads We have been moved to adopt this course by the following considerations We entirely maintain the determination expressed in our letter to the Government of Bengal of the 25th April 1868, No 237, not to discuss the question of Local Taxation any further Nothing, in our opinion, would be gained by replying, in detail, to the letter now received from the Bengal Government the only result to be anticipated is further delay Considering, moreover, that nothing can be done in this matter without legislation, the Government of India is placed in a difficult position We cannot force the Bengal Council to legislate, and it would be hardly expedient to legislate on such a purely local matter in the Council of the Governor General, and in opposition to the views of the Local Administration This last difficulty, however, will be greatly diminished, if not altogether removed, after the Local Council has passed a measure imposing a Cess on the land for the construction of roads When this has been done, a mere addition, to the rate of the Cess will, possibly, give everything that is required for educational purposes

7 We have informed the Lieutenant-Governor that he will be again addressed in regard to the Educational Cess, but that we adhere in all respects to the views expressed in our letter of the 25th April 1868 on the subject We have postponed making any further immediate communication with the view of, first, distinctly ascertaining the views of Her Majesty's Government

8 In our Educational despatch No 14, dated the 18th October last, we have, very fully, reviewed the general subject of the educational expenditure, and the educational policy, of the Government of India Your Grace will learn from that despatch, that we contemplate considerable reductions in the former, especially in the matter of higher education, and that, for financial reasons, it is more than ever imperative that the cost of primary vernacular education should be defrayed from Local Resources If this principle is to be thoroughly adopted, it is essential that no exception should be made in favor of any single Province

9 We feel compelled, moreover, to differ largely from the views expressed in the letter of the Government of Bengal of the 30th April 1869, as to the propriety and possibility of levying a Tax for Local Purposes in the Province of Bengal

10 The Lieutenant-Governor's arguments as regards the unfairness of taxing the land for the education of that small percentage of the non-agricultural community which is included in the rural population need not be discussed here This point has not been found to involve any practical difficulties in Provinces in which the Cess is already imposed, and, even if it were otherwise in Bengal, means might easily be devised of levying a small additional payment from the Non-agricultural Community who will benefit by the village schools

11 In any case, the children of forty millions of the people of a great Province, nine-tenths of whom are supposed to belong to the agricultural classes, require to be educated, roads have to be made, and, by sanitary measures, life has to be saved The real question, therefore, is, are we justified in levying a Cess and making it mainly chargeable on the landed property of the Province?

12 The Lieutenant-Governor argues (paragraphs 7 to 10) that, although the Cess has been imposed voluntarily on the landowners of the Permanently-settled Districts of Benares, yet it would be quite futile to attempt to levy the same tax as a voluntary measure in Bengal We do not wish to deduce any argument from the Cess levied in Benares We are quite of opinion, however, that voluntary taxation cannot be relied on to support a sound system of popular education This conclusion was arrived at in 1859, and has been confirmed by all subsequent experience, and notably in Madras, where the experiment of relying on voluntary efforts has had a full trial

13 But, while holding the opinion abovementioned, and while calling special attention to the ill effects of "compromising the dignity of Government by placing Government servants in the light of unfortunate and often unsuccessful applicants for pecuniary contributions for objects which the Government is, confessedly very anxious to promote," the Lieutenant-Governor (paragraph 37) nevertheless states that, if the Compulsory Cess be abandoned (as he urges), "he is fully prepared, on his part, to do all in his power to reduce the

CHAPTER XV

GOVERNMENT OF INDIA

31st December 1866

After a local cess shall have been imposed in Lower Bengal for the construction of roads a mere addition to the rate of the cess would give everything that is required for educational purposes

The children of forty millions of the people of a great province, nine tenths of whom are supposed to belong to the agricultural classes, require to be educated roads have to be made, and by sanitary measures life has to be saved The real question, therefore is, are we justified in levying a cess and making it mainly chargeable on the landed property of the province?

CHAPTER XV
GOVERNMENT OF
INDIA
31st December 1869

Imperial contributions by *calling upon private munificence to bear a continually increasing share of the expenses of higher education*" We are unable to reconcile these apparently opposite conclusions

14 The objections urged in paragraphs 10 to 19 of the letter are not to the principle of a Cess on the landholders for the education of the agricultural population, but are based on the difficulties of detail in apportioning that Cess fairly. No doubt there are great difficulties. Many persons deriving profits from land not inherited since the Permanent Settlement, have possibly paid the market price for the land under an impression that the Permanent Settlement rendered any further Imperial impost on the land impossible. To such persons the proposed Cess may appear as an additional and special taxation, and the question is whether the terms of the Permanent Settlement really bar such taxation? We think that Article VII* of the Permanent Settlement not only does not bar such taxation, but may fairly be interpreted to contemplate it, always having regard to the fact that such special and additional taxation be not for Imperial purposes, but for the benefit of the Agricultural Classes only.

15 But the answer to the general objections as to the right to impose a Cess and the means of levying it is to be found at the close of the letter of 30th April, wherein it is said "that his Honor is prepared to admit the necessity of a Local Tax upon land for the maintenance and construction of Local Roads." This tax, it is clear, must be paid by the very persons whom it is considered unjust to tax for education, and on whom the apportionment of the rate of charge is, owing to the complexity of Tenures and sub-tenures, thought to be such an insuperable difficulty.

16 We now proceed to notice the objections raised in paragraphs 20 to 25 of the letter. The Lieutenant-Governor lays great stress on an argument, drawn from the works of Mr. Mill, that the land revenue in India is not taxation at all, but is a portion of the rent reserved, from the beginning, by the State, (2) that the Government demand on the land can be increased in other parts of India, because there the State "has never waived the right of retaining to itself such portions as it may think proper of the increase of rent," and that, on this account, the so-called Cesses in Northern and Western India are really not taxation proper at all, but only portions of the Imperial demand, which the Government might have taken entirely to itself, but which it has preferred to set aside for local purposes, (3) that, as the Imperial demand in Bengal has been fixed and determined by law, any Cess now imposed would differ from the Cesses in Northern India, and be taxation proper on the land, whereas, according to Mr. Mill, the Permanent Settlement exactly places the Government of India, by express stipulation, in the very position which the Government of England is placed, by mere desuetude of the exercise of its right, owing to the land tax in England not having varied since the beginning of the last century, that is to say, the land tax in England cannot (according to Mr. Mill) be raised, because the Government has not raised it for 150 years, still less, in Bengal, can it be raised, not only because it has not been raised for nearly 80 years, but, also, because the Government, nearly 80 years ago, specially agreed not to raise it, (4) finally, Mr. Wilson and Sir B. Peacock are quoted to show that the landowners in Bengal cannot be subjected to any Special Taxation, but only to "a general tax that applies to all others."

17 The quotation from Mr. Mill appears to us to have no kind of application to the point at issue. His remarks, as the context shows, relate entirely to Imperial Taxation for Imperial Purposes, whereas the Cess proposed to be raised in Bengal is purely a Local Cess for Local Purposes, and will not come into the Imperial Exchequer at all. Indeed, the main drift of the argument is that the land *should* bear some of the burdens of the increasing requirements of the progress of society, because the landlords "grow richer, as it were, in their sleep, without working, risking, or economising," and this is exactly the view

* Article VII.—To prevent any misconception of the foregoing Articles the Governor General in Council thinks it necessary to make the following declarations to the Zemindars, independent Talookdars, and other actual proprietors of land—

It being the duty of the Ruling Power to protect all classes of people and more particularly, those who from their situation, are most helpless, the Governor General in Council will, whenever he may deem it proper, enact such Regular taxations as he may think necessary for the protection and welfare of the dependent talookdars, ryots, and other cultivators of the soil, and no Zemindar, independent Talookdar, or other actual proprietor of land shall be entitled, on this account, to make any objection to the discharge of the fixed assessment which they have respectively agreed to pay.

of the Government of India. Moreover, as noticed above, all these objections to the levy, on the land, of a Cess for Education apply equally to the levy of a Cess for Roads, and the Lieutenant-Governor agrees to levy a Cess for Roads.

18 The first position taken up by the Lieutenant-Governor it is unnecessary to discuss, for it is immaterial to his argument.

19 The gist of that argument is, that, the Cesses being in reality a mere portion of the land revenue, and the amount of that land revenue having been limited in Bengal, it is not competent to Government to impose them. On the other hand, it is argued that no limitation on the amount of land revenue has been, elsewhere, imposed, and that, therefore, their imposition, elsewhere, is justifiable. But the fallacy of this argument is two-fold,—it is not accurate to say that Government has not, temporarily or permanently, waived its right anywhere out of Bengal to its share of the rent beyond certain limits, neither are the Cesses really part of the land revenue.

20 For example, in the Circular regarding the Scharunpore Settlement issued by the late Lieutenant-Governor of the North-Western Provinces, Mr Colvin, in 1854,* it was avowed that the Government share of the assets, taken as land revenue, would be limited to 50 per cent, and the settlements of the Central Provinces and of Oudh, as well as the Settlements in progress in the North-Western Provinces, have been, confessedly, conducted on the same basis, and yet, as may be seen from the Circular of 14th July 1866, explaining and modifying the former Circular, the entire amount of the Cesses is taken from the landlord's share of the Cess in excess of the Government share of 50 per cent.

21 And, in truth, the Government has been justified in following that course. For the second error in the Lieutenant-Governor's argument is, that he assumes the identity of the Cesses with the land revenue. Their true nature has, however, been already pointed out to the Government of Bengal in paragraphs 5 to 9 of our letter to that Government of the 28th October 1867, No 5876. We annex an extract† of these paragraphs for ready reference. The letter itself will be found recorded as No 39 of our Educational Proceedings of October 1867.

22 The Government has not waived its right in Bengal, or anywhere else, to impose Local Cesses. In fact, it may be rather said that by the tenor of the Regulations which made the Decennial Settlement, the right was especially reserved, for the main stipulation was that Government should take a portion of the assets as clear Net Revenue, and it carefully threw upon the zemindar the burden of all *local requirements* (see Regulation VIII of 1793, Sections 72 and 96)‡ In fact, as regards Police Dawks, § &c, &c, the zemindars have, ever since, borne this burden, and, if it be shown, as can easily be shown, first, that education, at any rate, Primary Local Education, was not, when the Permanent Settlement was made, acknowledged as a fair charge on Imperial Revenues, and that it never has been, since, so acknowledged, and, secondly, that it is, in its nature one fairly to be borne by a Local Cess, the argument from the Perpetual Settlement falls to the ground.

* See Appendix XX, Directions to Settlement Officers.

† Para 5. As a matter of fact, the State has never undertaken to provide funds for the education of the mass of the people.

‡ Consequently, as was originally the case in Bengal, so in the North Western Provinces, the proportion of the rent taken as revenue by Government has been fixed on calculations into which the element of a provision for the general education of the people did not enter.

§ In the recent settlements in Upper India, the limit of the Imperial demand has been fixed at 50 per cent of the net assets, and this would have been its limit even if no further provision by a distinct Cess had been expedient for educational purposes.

§ The Educational Cess, on the other hand, varies in amount according to Local Requirements, and is, accordingly, clearly taken from the proprietors of the soil as a separate tax for Special Local purposes. It is, no doubt, a true tax, for it is not voluntary, although in the Upper Provinces of Bengal, from the circumstances under which it has been levied, the objects to which and the manner in which it is applied, it is probably not unpopular.

§ But it is altogether separate from the Imperial Revenue, and if it became impossible for any special reasons, to apply its proceeds to the purposes for which it is designed, it would not be levied at all.

‡ Extracts from Regulation VIII of 1793 —

Section 72 —The settlement is to be made, as far as possible, in one net sum, free from any charges of moshauri, zemindary, amlah, poolbund, cutcherry charges, or others of a similar nature, it being intended that all charges incidental to the receipt of the rents of the lands, and independent of the allowances of the officers of Government and expenses attending the collection of the public revenue, shall be defrayed by the proprietors from the produce of their lands.

Section 96 —The settlement is to be made, as far as possible, in one net sum, free from any charges of moshauri, zemindary, amlah, poolbund, cutcherry, or other charges of a similar nature, it being intended that all charges incidental to the receipt of the rents of the lands, independent of the allowances of the officers of Government and expenses attending the collection of the public revenue, shall be defrayed by the proprietors from the produce of their lands.

§ This is now defrayed by a Cess of the exact nature of that which it is proposed to levy for Roads, Education, &c.

It is an error to assume the identity of the cesses with the land revenue.

The Government has not waived its right in Bengal or anywhere else to impose local cesses.

The permanent settlement does not exempt the zemindars in Bengal from charges which are thrown upon the land in other parts of British India.

CHAPTER XV

GOVERNMENT OF
INDIA

31st December 1869

23 In reply to the third argument, it may be urged that as it is admitted that the Permanent Settlement "does not entitle the zemindar to evade his just share of the Taxation of the Country," and, as the Government intends to adopt, as a general principle, what has already been widely acted upon,* namely, that the land of India should defray the cost of the education of the agricultural population, there is no reason why the real property of Bengal should, alone, evade this burden

24 As to the quotations from the speeches of Mr Wilson and Sir B Peacock, it is only necessary to say, generally, that there is nothing in them against the levy of a *Local Cess* on the land, always provided that the Cess be devoted to the agricultural population, that it be no more than is levied on landholders in other parts of India, and that it be *general* on towns and villages. On the contrary, in the very same speech to which allusion is made, Mr Wilson went on to say—

"I am aware that much discussion has taken place, from time to time, as to the right to tax the zemindars and other intermediate proprietors under the Perpetual Land Settlement. Sir, the Government have given their most attentive consideration to this claim of exemption, and I must say, the more I have looked into it, the more I am convinced that a more allusive claim could not be set up

"The only nobility which India now has, or is likely to have, must, chiefly, be these wealthy owners of Permanently-settled Estates, the whole improved value of which must go exclusively to them, while, in all other parts of India, the Government on the part of the public will share it. Well, but, Sir, are we to base a future policy upon the exemption from taxation of the richest and only privileged class in India?"

25 The Lieutenant-Governor further urges (in paragraphs 26 and 27 of his letter) that Bengal already pays more taxes than any other Province, and that, on this account, its inhabitants should be exempted from any special burden, and further that, if fresh taxation is necessary, it should be Imperial and not Local. The taxation of one Province, however, cannot be compared with that of another. The only comparison upon which any argument can possibly be founded must be the average incidence of taxation per head of the population. Looked at in this light, it is believed Bengal has no claim to exemption from a Local Tax which is being levied in other Provinces.

26 The Lieutenant-Governor protests (paragraphs 29 and 30) against the entire charge of Primary Education being thrown on the land. But this protest, as above shown, is directed against paragraph 12 of the Government of India's letter of October 1867, and will doubtless be withdrawn when the Lieutenant-Governor is informed that the Government of India wishes that the land should provide for the requirements of the Agricultural population only, and considers that a similar but separate Cess should be levied in urban Districts.

27 It is urged that the levy of a small Local Charge would turn the current of popular feeling against education altogether. In answer to this, it can be shown that in Provinces, where Compulsory Contributions have been raised for these purposes, such results as have been anticipated have not occurred. The Voluntary Contributions towards educational purposes made in the North-Western Provinces and Oudh are larger, in proportion, than those in Bengal or Madras, where Local Taxation has not yet been in force for those objects.

28 We admit that the Government of India, in May 1859, were (as stated in the Lieutenant-Governor's 31st and 32nd paragraphs) of opinion that a Cess could not be imposed in Bengal, but a reference to the records of that date has shown us that the true nature of the charge levied in the North-Western Provinces was not, then, fully understood. In fact, when the Governor General expressed his opinion that a Cess was impracticable in Bengal, he ordered, in the same Note, an inquiry to be made in the Punjab and North-Western Provinces as to what had been done in those Provinces. In any case, although the Government of that day expressed an opinion adverse to the introduction of a Cess into Bengal, such an opinion can hardly be considered binding on the present Government, which sees before it what funds raised in this manner, are effecting and are likely to effect, in other Provinces.

29 In paragraphs 33 to 35, the Lieutenant Governor defines what he means by Mass Education, and we accept the definition given in the latter portion of the 33rd paragraph, that is to say, that its object is to raise the intellectual status

* Except in Bengal and Madras, cesses exist all over India, and the Madras Government has been moved to raise one.

of the masses who will remain, as before, Agriculturists, Labourers, or Artizans, but with a fair knowledge of reading, writing, and elementary arithmetic. This is the object that Mr. Thomason had in view when he established the Cess in the North-Western Provinces, and it seems to fulfil what is generally considered to be the duty of Government in the matter of Primary Education, and exactly meets the requirements of the Educational Despatch of 1854. But we do not admit that this object in Bengal alone should be left "to work itself out by the gradual progress of time." The argument now put forward is precisely what Sir Frederick Halliday urged 10 years ago, and the Government of that day refused to accept it.

30 If it was thought defective, then, it is still more so now, when fundamental truths with regard to the duties of Government in respect to the instruction of the people are far more generally recognised than they were. It will therefore be perceived by your Grace that we dissent from the opinions expressed in 1859, which seem to have been, then, concurred in by the Governor General in Council, "that a Cess for the encouragement of education cannot be imposed in Bengal," and we still more widely dissent from the sentiments expressed in the Minute quoted in the foot-note to the 35th paragraph of the letter of the Government of Bengal.

31 The tendency of many of these opinions is that education either should not or cannot be extended, because such extension might have the effect of placing a small charge on property, and might interfere with the present relations between capital and labour.

32 We have already endeavoured to show that the first line of argument is fallacious. The latter is one which it is not necessary to refute, further than to say that it is opposed to all modern feeling and experience. In dealing with these questions we should act on the broad principle that it is our duty to extend, by every legitimate means, to all over whom we have influence, the opportunity of acquiring the elements of knowledge. Political or economical expediency has long ceased to form an element in the consideration of this question. Feeling, strongly, that it is our duty to place within the easy reach of all our fellow subjects, as far as our power goes, the opportunity of developing the intelligence which has been given to man, we think it sufficient to remark that the time has, happily, for ever, passed away for such discussions.

33 We fully admit the magnitude of the problem to be solved, and concur in the view that the present generation may possibly pass away before the masses of the population of Bengal may, even under the most fortunate circumstances, experience, from the efforts that we now make, any complete or general result. But we cannot admit that plans of enlightenment and intellectual improvement for the Masses in this, or any other, Country are Utopian, or that we have not at our disposal means and resources sufficient, at all events, to begin the performance of what, in this respect, we believe to be a national duty.

34 The commencement of this great work can be only, momentarily, postponed. The Imperial Resources of the Empire are unable to provide the large sums necessary for such purposes as this. If we are to make Roads, to educate the people of Bengal, and keep them healthy and clean, it can only be done by imposing on Local Resources such a burden as they can conveniently bear. We are, therefore, decidedly of opinion that it is the duty of the Government of India to insist on their gradual imposition, and, if we have refrained from taking immediate steps for this latter object, it, mainly, is because we wish, as we have already observed, to be informed, in the first instance, whether our conclusions are accepted by Her Majesty's Government, it being of much importance that we should be fully assured of their support in any Measures that we may take to give effect to our intentions.

We have, &c ,

MAYO
W R MANSFIELD
G N TAYLOR
H M DURAND.
J STRACHEY
R TEMPLE
J F STEPHEN

If we are to make roads to educate the people of Bengal and keep them healthy and clean, it can only be done by imposing on local resources such a burden as they can conveniently bear.

CHAPTER XV *From H L DAMPIER, ESQ., Secretary to the Government of Bengal, to the Secretary to the Government of India, Home Department, (Revenue,—No 1868 A), Fort William, 30th April 1869*

No 5876, of 28th
October 1867
No 237, of 25th
April 1868
No 244 of 27th
April 1868, and
enclosures

I AM now directed to reply to the letters marginally noted, on the subject of the extension of Lower Class Vernacular Education in Bengal, and of the source from which the requisite funds for the purpose should be obtained

2 In the first of these letters, the Governor General in Council has expressed his belief that what is called the improved Patshala Scheme in Bengal, has worked successfully, has promised it a fair trial, and stated that no interference with it is, at present, contemplated. The letter, however, goes on to point out that the Imperial Revenues cannot be charged with the expenditure required for the extension of this Scheme, it is laid down that "there is no part of India in which the Imperial Revenue can, with less fairness, be called upon to contribute to local objects" than Bengal, as there can be no doubt that "the share of the income of the proprietors of the soil which the Permanent Settlement originally gave to Government, is now far less than in other Provinces." It is accordingly declared to be the opinion of the Governor General in Council that "the main burden of Vernacular Education in Bengal should fall not on the Imperial Revenues, but, as elsewhere, on the proprietors of the land." A voluntary Cess, similar to that said to be levied in the Benares Division, is recommended, failing which "his Excellency in Council is of opinion that legislation may justly be employed for the imposition of a General Local Cess of such amount as may be necessary. And it is suggested that, regard being had to the circumstances of the Country, a Cess of at least 2 per cent on the Imperial Revenue might fairly be imposed."

Finally, the Lieutenant-Governor is directed "to reconsider the entire subject with reference to the above remarks, and to submit such a modified scheme for extending Vernacular Education as may, on further examination, seem to be practicable." A letter from Mr Long on the subject is also forwarded for an expression of opinion.

3 The letter of the 25th April is in continuation of that just referred to, and modifies the opinions expressed in it, on some important points. The provision of funds from Local Sources for the construction and maintenance of Roads and other works of public utility is pointed out as of parallel urgency with the question of meeting, in the same manner, the expenditure required for extending Elementary Education in Bengal. Bengal is declared to present a "striking contrast" to other Provinces in respect to Lower Class Education. The encouragement which has been given to the Higher Branches of Education in Bengal is stated to have been sufficient, if indeed the Government has not done too much, but it is added that the "reproach that almost nothing has been done for the education of the people of Bengal," should not be borne any longer, at the same time, that "it is altogether out of the question that the Government (meaning the Government of India) can provide the funds without which the removal of that reproach is impossible." The Lieutenant-Governor is accordingly informed "that the Governor General in Council thinks that it is now desirable to declare, distinctly, that this is a subject which, in future, the Government will not consent even to discuss. He will decline, in future, to listen to any proposition, the effect of which would be to throw upon the State the main burden of the cost of educating the people of Bengal." And, after referring to the Educational Cesses in Bombay, the North-West Provinces, Oudh, the Central Provinces, and the Punjab, it is again stated that "not only can there be no reason why a similar tax should not be imposed for similar purposes in Bengal, but, in the opinion of the Governor General in Council, there is no part of India in which the proprietors of the land can be so justly expected to bear local burdens of this nature."

4 The letter then proceeds to sketch out the nature of the Cess which should be levied. The former proposition of a percentage on the Government demand is now admitted to be inexpedient, as "it would, in the eyes of those who were not well acquainted with the true state of the case, have very much the appearance of an enhancement of the assessment imposed upon the land at the time of the Permanent Settlement," and also unjust in its incidence, as "it is well known that, in Bengal, the amount of the Government Revenue has ceased to be any index whatever to the actual annual value of estates." It is then pointed out that the Rate to be levied should be calculated for the purpose of roads also, for this purpose the proprietors of land, in Bengal, it is said, pay nothing, "although there is no part of India in which the means of the Landholders are so large, in which the construction of roads and other works of local improvement is more urgently needed, or in which such works have hitherto made so little progress." Details of the proposed Rate are left for the consideration of the Local Government, with this reservation, "there is only one remark on this part of the subject which the Governor General in Council thinks it necessary now to make. The reasons have been stated which appear to render it undesirable that the proposed tax should be imposed as a percentage on the Government Land Revenue. Taking into consideration the great urgency of the objects in view, and the wealth of the classes on whom the tax will fall, the Governor General in Council is of opinion that the amount levied ought not to be less than two per cent on the net assets or gross rental of the land."

5 The letter No 224, of the 27th April, forwards for information, two Resolutions of the Financial Department, both dated 31st March, in the latter of which it is stated that "increase of the existing budget provision" for the Education of the Masses should be prohibited, and, in the former, "that expenditure for this purpose, beyond the amount of the Budget Grant for 1868-69, will not be allowed, hereafter, unless, meanwhile, a scheme

be devised and carried into effect for ensuring that the main burden of the expenditure for Vernacular Schools shall fall not on the Imperial Revenues, but on the proprietors of the land."

6 The questions raised in these letters have received the Lieutenant-Governor's most careful and anxious consideration.

7 On receipt of the first letter, reports were called for from all the Commissioners of Divisions "on the expediency and feasibility of raising an Educational Cess in Bengal, similar to that now paid in those Districts of the North-Western Provinces where the Permanent Settlement is in force." The Director of Public Instruction was also asked to report on Mr. Long's proposals, and, on receipt of your further letter of the 25th April, the accompanying* letter (not printed here) was addressed to the British Indian Association, inviting their suggestions as to the best means of levying a Cess, and a copy was forwarded to the Governor with an expression of their views on the points mentioned in the 5th paragraph of that letter. An endeavour was likewise made to obtain from the Government of the North-Western Provinces copies of the more essential correspondence connected with the levy of the Voluntary Cess in the Permanently Settled Districts of the Province, but it was unsuccessful, "partly because a portion of it was lost in the mutinies, but chiefly because it was, in great measure, demi-official, and not placed upon record." This is not, however, of much importance, as all persons consulted agree in reporting the impossibility of collecting a Voluntary Cess for education in Bengal, and the Lieutenant-Governor considers this alternative to be so obviously impracticable, that it will not be necessary to consider it any further. The following remarks made by Lord Stanley, in the Despatch of April 1859, when rejecting the system of reliance on local efforts supplemented by Grants-in-aid, as unsuited to the supply of Vernacular Education to the masses of the population, are of even more weight at the present day than when they were written—

"But apart from the difficulty, and in many cases the impossibility, of obtaining the local support required for the establishment of a school under the grant-in-aid system, it cannot be denied that the mere requisitions made for the purpose by the officers of the Education Department may have a tendency not only to create a prejudice against education, but also to render the Government itself unpopular. And, besides the unpopularity likely to arise from the demands on the poorer members of the community, made in the way either of persuasion, or of authority, there can be no doubt that the dignity of the Government is compromised by its officers appearing in the light of importunate, and often unsuccessful, applicants for pecuniary contributions for objects which the Government is confessedly very anxious to promote."

8 A largely attended meeting of the British Indian Association was held on the 2nd September last, to the Printed Report of which the Committee have referred the Lieutenant-Governor for a detailed expression of the views of the Association. It was resolved at that meeting to petition the Governor General in Council, praying for a reconsideration of the subject. The Lieutenant-Governor does not therefore think it necessary to enclose a copy of the Report of the meeting, but the Report of the Landowners and Commercial Association is forwarded as an enclosure to this letter, as also are the Reports of the Commissioners of the Cooh Behar, Bhagulpoore, Burdwan and Presidency Divisions, the latter containing a very interesting letter from Baboo Rajendralal Mitra, and that of the Commissioner of Bhagulpoore a valuable enclosure from the Principal Sudder Ameen of that District.

9 The orders of the Government of India require the Lieutenant-Governor to restrict his reply exclusively to the details of the proposed Cess, but the information which has been obtained on the subject, leads His Honor to the conviction that, in any case, a considerable modification in the nature of the Cess to be levied is absolutely necessary, and that the Governor General in Council is, in some respects, under misapprehension in regard to the position of the Zemindars of the Lower Provinces. His Honor, accordingly, requests permission to deal with the entire question which has been raised, and to report upon it fully, in all its aspects.

10 It is important in the first place to understand clearly the exact extent of the class which the Government of India meant to include in the terms "Proprietors of the land," "Proprietors of the soil," "Landholders," from whom it is directed that the proposed tax should be levied. A careful perusal of the "Resolutions of the Financial Department," and of the letters Nos. 237 and 244 of the Home Department, seems to place it beyond doubt that, by this description, it was intended to indicate the Zemindars and others who are under direct engagement with Government for the payment of the land revenue. In the first letter a Cess proportioned to the Land Revenue had been proposed, and apparently this was to be paid by the persons who were responsible for the payment of that revenue. In the subsequent letter, though this method of rating the Cess is abandoned, it does not appear that the Governor General in Council altered his opinion as to the persons who should be called upon to pay it, the Lieutenant-Governor, therefore, infers that the design of the Supreme Government was to impose a tax at the rate of 2 per cent on the net assets, or gross rental received by the Zemindars and Talookdars under direct engagement with Government. In that case, the rate would obviously be paid from the Imperial Revenues as regards Assam, in which Province the State is the Zemindar, and is, at the present moment, materially increasing its demands. It would also be more or less inapplicable to Orissa, where the Permanent Settlement has not been introduced. The Governor General in Council would, probably, not wish to impose a Special Cess in that Province during the currency of the existing settlement, and, as the basis of that Settlement is that

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nearly two-thirds of the estimated proceeds belong to Government, the assessment here is, evidently, so far as this basis is correct, higher than that of other Provinces, inclusive of the Cesses for specific purposes

11 Even as regards Bengal Proper, the Lieutenant-Governor feels bound to draw attention to certain misconceptions under which, as it seems to him, the Governor General in Council is labouring in respect to the proprietors of the soil. It appears that the full measure of the disadvantages (if such they are to be considered) under which the Government placed itself by creating a Permanent Settlement, has not been completely realised. In paragraph 11 of your letter of the 25th October 1867, an argument for calling on the Proprietors of the land to defray the expenses of education is based on the fact that, owing to increased area of cultivation and increased prices, the gross assets of the proprietors have probably increased four or five fold, if not more. This argument, however, can only hold good as far as it can be shown—

(1) That the increased profits from the extended area of cultivation and enhanced prices of produce ultimately reach the class on whom it is proposed to impose the tax, *i.e.*, the Zemindars and others who are under direct engagements with the Government for the payment of revenue, and

(2) That the persons who are now in receipt of such increased profits have derived them by inheritance from those with whom the Government originally made the settlement, and are not enjoying them merely as the proceeds of an investment of capital.

12 It will be found on examination that, generally speaking, the existing state of things fulfils neither of these conditions

The increased profits from extended area of cultivation and enhanced prices of produce do not reach the zemindars and others who are under direct revenue engagements with the Government, for in a large number of cases in Lower Bengal the zemindar has long ago made arrangements which reduce him to the position of an annuitant on the estate. He has created perpetual tenures at fixed rents which effectually deprive him of all further participation in any increase of profits from the estate. The holder of the tenure in the first degree has generally in the same way created subordinate permanent tenures of the second degree and the holder of the tenure of the second degree has created tenures of the third degree

13 The increased profits from extended area of cultivation and enhanced prices of produce do not reach the Zemindars and others who are under direct revenue engagements with the Government, for, in a large number of cases, in Lower Bengal, the Zemindar has long ago made arrangements which reduce him to the position of an annuitant on the estate. He has created perpetual tenures at fixed rents, which effectually deprive him of all further participation in any increase of profits from the estate. Nor does the alienation of profits end here. The holder of the tenure of the first degree, has, generally, in the same way, created subordinate tenures of the second degree, and the holder of the tenure of the second degree, has created tenures of the third degree. The effect of every such transaction is to secure, in perpetuity, to the lessor of each degree a certain profit, after deducting the rent which he has bound himself to pay, in perpetuity, for his tenure, and, while freeing him from all risks and uncertainties, to deprive him from all participation in future increase of profits

14 Hence, instead of reaching the Zemindar, the increase of profits which has accrued, since the Permanent Settlement was made between the State and the zemindar, is now often found to be divided among numerous classes of sub-tenants, who are known as Putneedars, Duputneedars, Seputneedars, Talookdars, Ousut Talookdars, Nim Ousut Talookdars, Halkhdars, Duhalkhdars, Gantedars, Mokumneedars, and by many other names, until the cultivating tenant is reached who has some beneficial interest in his holding

And, where such a chain of tenures exists, the proportion of the present profits which each tenant enjoys will depend on the period at which his tenure was created (assuming the increase of profits from the estate to have been gradual and regular), for the zemindar who gave his estate in Putnee five years ago, when it was yielding a rental of Rs 2,000, will certainly have reserved to himself a higher amount of rent, in perpetuity, than he would have reserved if he had created the Putnee 40 years ago, when the estate was yielding a rental of Rs 1,000 only

15 To pass to the second point—not only are the increased profits, generally, thus divided, but whatever portion of the increase which has accrued since the Settlement, does, under existing arrangements, still reach the zemindar, it is not, generally speaking, now enjoyed by persons who are the Representatives, by inheritance, of those with whom the Contract of Settlement was, originally, made by the State. Since the Settlement, estates have, to a very great extent, changed hands by sale, and the purchaser has paid the full market value of the estate calculated on its profits and prospects at time of the purchase. However much these may have increased since the date of the Settlement, neither the recent purchaser nor his ancestors have reaped the benefit

Such a purchaser receives no more than the annual return for the capital which he has invested in the land, and yet it is on this very purchaser, that it is now proposed to impose a tax on the specific ground that he enjoys an undue proportion of the profits from the land, as compared with that which the State derives. It is clear that, whatever may be the proportion which he does enjoy, he has paid for it, once for all, at its full value with capital acquired from other sources, and though such payment was not made to the State, the transaction was of a class which has been fully recognised and treaty approved by the Government of the Country. In the policy which the Government has hitherto followed, there has been nothing from which the most cautious investor could have derived an indication that the value of this particular kind of investment was liable to be suddenly depreciated, with special reference to the conditions of a Contract which was, finally, executed between the State and the Zemindar more than 70 years ago, to which neither the purchaser nor his ancestors were parties, and from which he has never derived any benefit

16 It will presently be seen that, in tiering of a Country in which such expectations that the State will not appropriate a larger proportion of the rents, are founded merely on its abstinence hitherto from the exercise of that original right, even a writer with such pro-

nounced views as Mr J S Mill could only propose that "the future increment of rent should be liable to special taxation," "the present market value of their land being secured to them" (the landholders). The proposal of the Government of India goes beyond this. It would suddenly, and without warning, tax the increment which has already accrued, and that in a country in which immunity from such special taxation of rents for general purposes is guaranteed by specific contract.

17 All those considerations apply to the present holders of the subordinate tenures as well as to the Zemindars. The recent purchaser of a Putnee tenure which was created long ago, and may, therefore, pay but a small rent, has paid for it a price calculated on the full value of the present and prospective profits.

18 While, on the one hand, then, there is little or no identity between the persons who have benefited by the increased value of land and those whom it is now proposed to tax, the Lieutenant-Governor, on the other hand, believes that the impression of the wealthiness of the latter which is more than once referred to in the letters under acknowledgment, is very erroneous. There are, no doubt, in Bengal, a few, but a very few, really wealthy landholders, property in land is so split up that His Honor is confident that the bulk of the proprietors of the soil are far from wealthy, and that such wealth as many of them possess is not mainly derived from their zemindaries. Several officers, in reporting to Government on this question, have expressed doubts as to the wealthiness of the class of landed proprietors as a whole. The Commissioner of the Presidency Division, Mr Chipman, speaks confidently to this effect in his 9th paragraph, and the figures given in paragraph 21 of the enclosure by Baboo Rajendralal Mitra seem to place it beyond question that but a very small fraction of the entire number of zemindars in Bengal can be rich. Out of 206,576 zemindaries in 1852-3, 190,975 paid less than 250 rupees per annum to Government, and, considering the very large number of undertenures which have been created, it is evident that but a very small portion of the talookdars under direct engagement with the Government can be in receipt of large incomes from land.

There is little or no identity between the persons who have benefited by the increased value of land and those whom it is now proposed to tax.

19 The inference which the Lieutenant-Governor draws from these considerations is that a Cess on the proprietors of land, that is the zemindars only, which he understands to have been the proposal of the Government of India, is out of the question in Bengal, and cannot be defended. This class has long since shared the benefits of the Permanent Settlement with numerous other under tenants intermediate between themselves and the ryots, and whatever burden can be fairly thrown upon the profits of land should therefore be divided rateably among all those classes who participate in these profits. In this view the Lieutenant-Governor, in addressing the British Indian Association, invited them to consider the manner in which a Local Tax for education, if levied, might be spread over all classes possessing a beneficial interest in the soil. At the same time this, evidently, increases very materially the difficulties of the problem, and also seems to destroy all parallel between Bengal and any other Province in which the Cess has been, hitherto, levied.

By a cess on the proprietors of land the Lieutenant Governor understands a cess on the zemindars only.

20 This, however, rather concerns the practical difficulties of the case. A still more serious difficulty of principle exists, and as the question is of the highest importance and deserves the fullest consideration, the Lieutenant-Governor would beg permission to discuss it carefully. It is a very common misconception, and one which might seem to derive support from many expressions in the letters of the Government of India under acknowledgment, (1) that the Government revenue derived from land is a true form of taxation, and (2), as a corollary to that opinion, that Bengal is more lightly taxed than other portions of the Empire. The extent to which these views are, in the Lieutenant-Governor's opinion, erroneous, can be very clearly gathered from the writings of Mr Mill. For convenience of reference, I am directed to subjoin the following extracts from Chapter II, Book V, of his "Principles of Political Economy."

"Before leaving the subject of equality of taxation, I must remark that there are cases in which exceptions may be made to it, consistently with that equal justice which is the ground-work of the rule. Suppose that there is a kind of income which, constantly, tends to increase without any exertion or sacrifice on the part of the owners, those owners constituting a Class in the Community whom the natural course of things progressively enriches, consistently with complete passiveness on their own part, in such a case, it would be no violation of the principles on which private property is grounded, if the State should appropriate this increase of wealth or part of it as it arises. This would not properly be taking anything from anybody, it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class.

"Now, this is actually the case with rent. The ordinary progress of a society which increases in wealth is, at all times, tending to augment the incomes of landlords, to give them both a greater amount and a greater proportion of the wealth of the community, independently of any trouble or outlay incurred by themselves. They grow richer as it were in their sleep, without working, risking, or economising. What claim have they, on the general principle of social justice, to this accession of riches? In what would they have been wronged

* The Lieutenant Governor read the other day, in a letter from a Commissioner of Revenue, the following passage—

The fact is the zemindars are very poor at the best of times, and, having but little to expect this year from their ryots, have been obliged to make use of their credit to borrow money at heavy interest."

If it would not be accurate to point to this as a picture of the condition of the bulk of the landholders in the Lower Provinces, it is certainly far less warrantable, in selecting them as special objects of taxation, to talk of "the wealth of the Classes" whom it is thus proposed to tax. (See Mr Secretary Bayley's letter No 237, dated 25th April 1868, paragraph 14)

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if Society had, from the beginning, seemed the right of taxing the spontaneous increase of rent to the highest amount required by financial exigencies? * * * But, though there could be no question as to the justice of taxing the increase of rent if Society had lawfully reserved the right, has not Society waived that right by not exercising it? In England, for example, have not all who bought land for the last century or more given value not only for the existing income but for the prospects of increase under an implied assurance of being only taxed in the same proportion with other incomes? This objection, in so far as valid, has a different degree of validity in different Countries, depending on the degree of desuetude into which Society has allowed a right to fall which, as no one can doubt it, once fully possessed. In most Countries of Europe the right to take by taxation, as exigency might require, an indefinite portion of the rent of land, has never been allowed to slumber. In several parts of the Continent the land tax forms a large proportion of the Public Revenues, and has, always, been, confessedly, liable to be raised or lowered without reference to other taxes. In these Countries no one can pretend to have become the owner of the land on the faith of never being called upon to pay an increased land tax. In England, the land tax has not varied since the early part of the last century. The last Act of the Legislature in relation to its amount was to diminish it, and though the subsequent increase in the rental of the Country has been immense, not only from agriculture, but from the growth of towns and increase of buildings, the ascendency of Landholders in the Legislature has prevented any tax from being imposed, as it so justly might, upon the very large portion of this increase which was unearned, and, as it were, accidental. For the expectations thus raised it appears to me that an amply sufficient allowance is made, if the whole increase of income which has accrued during this long period, from a mere natural law without exertion or sacrifice, is held sacred from any peculiar taxation. From the present date, or any subsequent time at which the Legislature may think fit to assert the principle, I see no objection to declaring that *the future increment of rent should be liable to special taxation*, in doing which all injustice to the landlords would be obviated if the present market price of their land were secured to them, since that includes the present value of all future expectations. With reference to such a tax, perhaps, a safer criterion than either a rise of rents or a rise of the price of corn would be a general rise in the price of land. It would be easy to keep the tax within the amount which would reduce the market value of land below the original valuation, and, up to that point, whatever the amount of the tax might be, no injustice would be done to the proprietors.

"But, whatever may be thought of the legitimacy of making the State a sharer in all future increase of rent from natural causes, the existing Land Tax (which in this Country, unfortunately, is very small) ought not to be regarded as a tax, but as a rent charged in favour of the public, a portion of the rent reserved, from the beginning, by the State, which has never belonged to, or formed part of, the income of the landlords, and should not, therefore, be counted to them as part of their taxation, so as to exempt them from their fair share of every other tax. As well might the tithe be regarded as a tax on the landlords, as well, in Bengal—where the State, though entitled to the whole rent of the land, gave away one-tenth of it to individuals, retaining the other nine-tenths—might those other nine-tenths be considered as an unequal or unjust tax on the grantees of the tenth * * * But wherever, and in so far as, income derived from land is prescriptively subject to a deduction for public purposes beyond the rate of taxation levied on other incomes, the surplus is not properly taxation, but a share in the property of the soil reserved by the State. In this Country (and this is still more true of India) there are no peculiar taxes on other Classes, corresponding to, or intended to countervail, the land tax. The whole of it, therefore, is not taxation, but a rent charge, and is as if the State had retained not a portion of the rent, but a portion of the land. It is no more a burden on the landlord than the share of one joint tenant is a burden on the other. The landlords are entitled to no compensation for it, nor have they any claim to its being allowed as part of their taxes. Its continuance, on the existing footing, is no infringement of the principle of equal taxation."

21 The right which Mr. Mill here shows belongs to the State, namely, to appropriate, without injustice to any one, that portion of the increase in the value of the rent of land which is over and above the increase in the value of money, and the increase due to the expenditure of labour and capital, is indefinitely strengthened in all those parts of India where, there being no Permanent Settlement, the State is the actual owner of the land. In such cases it is evident that an increase in the land revenue, or a Cess added to the land revenue, is not, properly, a tax of any kind whatsoever, provided the amount thus added is not greater than the increase in the rent of the land accruing without any exertion or sacrifice on the part of the Zemindars. Mr. Mill here assumes, and has, elsewhere, shown (Chapter III, Book IV) that, in a society which is in a state of progress, natural causes tend to augment the value of the rent of land to the Proprietors, and it cannot be questioned that, practically, this has been taking place over India generally, both in Bengal and elsewhere. It may be admitted, that, even in other parts of India, prescription has given a kind of right to other persons besides Government to derive an income from the rent of land, but it is quite certain that, generally, out of Bengal, the State has never waived the right of returning to itself such portion as it may think proper of the increase of rent, on the contrary, it has, lawfully, reserved and exercised this right, and, therefore, the conditions of the very strongest case of the justice of increasing the Government demand, insisted on by Mr. Mill, are completely fulfilled.

22 And, as was to be expected, the time chosen for readjusting the proportion of rents to be retained by the State with advertence to its increasing duties connected with the education, has generally been that at which a Contract of Settlement was to be made or renewed between the State and the Zemindars. In the Punjab, an order was issued that, where the settlement had not been completed, 1 per cent on the revenue should be levied for the maintenance of village schools, and that, in other cases, District Officers should endeavour to induce the people voluntarily to subscribe to the Cess, the conclusion of the settlement contract being apparently looked upon as conclusive against the levy of this Special Compulsory Cess from the settlement holder. "The Oude Educational Cess was levied, for the first time, at the commencement of the Regular Settlement which is now in progress." In the "Central Provinces, owing to the incomplete state of the settlement operations, no Cess was levied until the year 1862-63." In these Provinces "the Government of India was of opinion, that, as the Government demand has been reduced from an average of two-thirds of the rental to one-half, and that other Cesses had been reduced which, in the aggregate, used to mount up to 8 and 10 per cent, the enhanced rate (2 per cent) would not press at all heavily on the landowners." The North-Western Provinces had enjoyed the exceptional advantage of having half the Cess defrayed by the State. In the new settlements which are now in progress, however, the Cess is being consolidated in the share of the net assets of the land taken by the State, so that henceforth, to quote the order of the Local Government, *"the whole of the Local cesses will, in future, be defrayed not by the landowner, but out of the share of the rent which has always been the admitted right of the State, and therefore no claim to any control of management of the funds, on the part of the zemindars, could, for a moment, be sustained"*

Resolution of Government, North Western Provinces, dated 14th February 1866, paragraph 5

23 The Lieutenant-Governor submits, therefore, that the light thrown upon the actual facts of the case by the principles so clearly analysed by Mr Mill, shows, beyond question, that what has been done throughout the greater part of India, has been simply this. The value of the rent of land has, owing to the operation of natural causes, risen very greatly, even were the State not a proprietor of the soil, it might, without any injustice and without taxation of any kind, in the proper sense of the word, have appropriated all that (the greater) portion of the increase which has not been due to the expenditure of labour or capital, or the rise in the purchasing power of money. *A fortiori*, being supreme proprietor of the soil, it could, still more equitably, have appropriated these profits. As a matter of fact, however, it has not done so, it has, hitherto, allowed the subordinate landlords to share the fruits of the increase in the value of land which the progressive state of Society has brought about, and even to do more than share it by reducing the *proportionate* amount of the Government demand. Latterly, however, in the case of these Cesses, it has curtailed somewhat its generosity, the value of land has continued to increase, but the State, by imposing Cesses, bearing a smaller or greater proportion to the share of rent taken by it, has appropriated a larger part, but still only a part, of the later increases of which it might, on sound principles, have taken nearly the whole. The landlords have, it may safely be assumed, never been absolute losers by new settlements at which Cesses have been imposed, that is, they have not found their profits less than they were at the previous settlements, they have only derived a somewhat less advantage than they would have done if no Cess had been imposed.

24 That the instincts of the people of this Country recognize this radical distinction between the reservation to itself by the State of such a share of the Rents as it requires, and the imposition of a Tax, that is, the taking from individuals, for State purposes, a certain portion of what is undoubtedly their property, appears to the Lieutenant-Governor to be clear, from the willingness with which they have acquiesced in arrangements of the first kind at the settlements, as contrasted with the dissatisfaction which is evinced at taxation generally, and especially at the tax which it has now been proposed to impose on the Landholders of Lower Bengal. The so-called Cess in most other Provinces, having been shown to be merely the reservation of a portion of the increased profits from land which belongs to no private persons, it is no less certain that the impost which it is proposed to levy on Lower Bengal would be a tax, that is, the withdrawal by the State of a portion of property which has, undoubtedly, become vested in individuals. There can be no doubt that, in the Districts in which the Permanent Settlement is in force, the increase in the profits from land, due to national progress, has been at least as great as elsewhere, but there is the very important difference which arises from the deliberate action of the State in regard to these increased profits. As Mr Mill says, the objection that the State has waived its right to an increased amount from the rent has a different degree of validity in different Countries, and it is hard to see where it could have a greater degree of validity than in Bengal. The Governor General in Council may fully rely on the Lieutenant-Governor to give no encouragement to any notions that the Permanent Settlement entitles the zemindar to evade his just share in the taxation of the Country, but, on the other hand, His Honor is confident that the Government of India will never, deliberately, contemplate any step which, in the judgment of disinterested and well-informed economists, would amount to a real breach of faith with the Zemindars. Now, it seems to the Lieutenant-Governor that, in the present instance, Government is placed in the following dilemma,—if the Cess is to be regarded as analogous to the Cesses which have been levied for similar purposes in other parts of the Empire, that is, as a reduction of the share of rents which is left to the zemindars, it will be a most distinct breach of the Permanent Settlement, but if, on the other hand, it is to be regarded as new taxation, then it must be judged by the general principles of the equality of taxation, and, so judged, it will be clear that Bengal is called upon to submit to Special Taxation on what has been formally assigned to indi-

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viduals as their property, a taxation on property which the so-called Cesses, elsewhere, are not. The Lieutenant-Governor has no doubt that the true principle by which the Permanent Settlement should be interpreted is that quoted in the 16th paragraph of Mr Money's letter from Mr Wilson's speech of 1860 "I hold him (the Bengal zemindar) to be exempt from any special charge upon his land, but to be liable to any general tax that applies to all others." Sir Barnes Peacock, on the same occasion, upheld the same view. In a Minute, written some years before, with reference to a proposal for a Special Tax on the zemindars, he had objected to the proposal in the following terms: "It is clear that, according to the engagement entered into at the time of the Permanent Settlement, the jumma then fixed cannot be altered."

"The same principle which prevents an augmentation of the assessment, equally precludes taxation of the owners in respect of the rent or produce of their estates."

Referring to this Minute in the Debate of 1860, he said—

"That * * * * * was an exceptional measure, while the Income Tax is a General Tax affecting the whole Country. The question then was as to taxing the zemindars alone, and I certainly think that, in so doing, the Government would be violating the promise made at the time of the Permanent Settlement, * * * * * but, having looked into the case carefully, I think the landholders under the Permanent Settlement are justly liable to the Income Tax." The arguments of Mr Mill (the more valuable as they exactly meet the case in point, while, at the same time, they were written without any possible reference to it) seem to the Lieutenant-Governor to place the *rationale* of this exemption of the Bengal Zemindar from any special charge upon his land, in the clearest light. The Permanent Settlement exactly places the Government of this Country, by express stipulation, in the very position in which the Government of England has placed itself, according to Mr Mill, by mere desuetude, in the exercise of a right, owing to the land tax not having varied since the beginning of the last century. It is probable that the Indian Government of the day did not fully realise the extent of the sacrifice it was making, the fact that, in a progressive state, the increase in the value of land, from circumstances independent of the landowner, would be far greater than that due to the expenditure of his care and capital upon it, probably escaped the attention which it would now attract, but, be that as it may, it cannot be questioned that the very thing that the State gave away was the right, which Mr Mill has shown to be, otherwise, inherent in it, of appropriating what may be termed the spontaneous increase in the value of land, while, on the other hand, the State is clearly did not give away the right to tax the profits of land equally with profits and income from other sources.

25 The authority, therefore, of Mr Mill, and, still more than his authority, the arguments on which he bases his opinions, seem to the Lieutenant-Governor to show, first, that the Educational and Road Cesses in other parts of India have partaken in no way of the nature of Taxation Proper, and that the persons who pay those Cesses are entitled to no compensation for them, nor have they any claim to those Cesses being allowed for, as part of their taxes, second, that any Cess which may be levied in Bengal cannot be imposed on the same principle, but must be treated as Taxation Proper, and fixed in accordance with the equitable principle of equality of taxation. And this leads directly to the very important question, whether Bengal can, in matters now stand, justly be called upon to submit to increased taxation, as compared with other portions of the Empire. The Report of the proceedings at the meeting of the British Indian Association, already referred to, will show that, next to the argument drawn from the Permanent Settlement, the argument that Bengal has been, and is, unjustly treated in matters of Imperial Finance was the one most frequently relied upon. * The Lieutenant-Governor is aware that the question is one of some

* It must not be supposed that this opinion is now put forward by the British Indian Association merely to serve the occasion. They have high authority for the position they assert. At the end of 1861, Sir J. P. Grant thus expressed himself, as Lieutenant-Governor of Bengal, in a letter written to the Association—

"The Lieutenant-Governor is sure that the Association is fully alive to the crying wants of these Provinces in Roads, Bridges, Canals, Water works, Public Buildings, and Public Works of every description, and he thinks it probable that they have a general knowledge that there is no part of India which is nearly so backward, in these respects, as are the Bengal Provinces, whilst there is no other part of India which responds to any outlay upon public works, great or small, so promptly, so surely, and so effectively, as these Provinces do, by reason of their great natural resources. But, perhaps, it is not always borne in mind that the Provincial Expenditure upon public works, petty district works excepted, is limited by the Supreme Authority, and that the allotment made to Bengal by that Authority from the General Revenues has always been, systematically, less, in an excessive degree, (probably it would be safe to say by at least two thirds) than what an allotment would amount to should that be framed on the principle of a share proportionate either to the revenue, or to the population, or to the geographical extent of the Bengal Provinces, or to all these together, as compared with the other Provinces of India. The result of this system, continued for a long series of years, has been such, in a comparative view, as those only who have seen many different parts of India, or whose duties have made them cognizant of what has been done from Imperial funds for all parts of the Empire, severally, are thoroughly aware of. At this moment, there is only one really good road of any considerable extent complete in all Bengal, Behar, Orissa, Chota Nagpore, Assam, and Cachar, namely the Grand Trunk Road, and it is not too much to say that this single work would not have existed if it had not been, by geographical necessity, an inseparable part of the Line through the North West Provinces."

Now, though it is true that Bengal has been, since, treated with a little more justice than it had been up to the time at which Sir John Grant wrote, yet it will still appear that the Assignments to the Bengal Government for Civil Public Works have continued to be very much below the Assignments made to other Governments, having regard to the revenues and geographical extent of the Bengal Provinces compared with other Provinces.

intricacy, but, in justice to the people committed to his trust, he is bound to say something on the value of this widespread opinion, and it seems to His Honor that, with the question cleared as it is by the distinction between land revenue and taxation, it is not difficult to show that Bengal has strong reason to ask for consideration at the hands of the Imperial Government.

26 The land revenue, which is so commonly thrown in the teeth of Bengal, has been shown to be no tax at all, to be taking nothing from anybody, and to be merely a refusal by the State to part with a portion of its property in favor of those who have no right to it. On the other hand, the income of Bengal,† from the Opium of the Behar Agency, mry, perhaps, be regarded as exceptional, though it is, in fact, simply a variable export duty levied on an article *produced and manufactured within the Province*, it is difficult also to say what share of the Customs dues collected in Calcutta and Bombay are really paid by those Presidencies or by the inhabitants of other Provinces. But the Lieutenant-Governor will waive all these, and, only taking the receipts of Taxation proper, *viz*, Abkaree, Assessed Taxes, Salt, and Stamps, will compare these receipts of the several Governments with the grants for Local Administrative purposes. A Volume of Statistics of the Finance of India for the period from May 1861 to March 1867 has lately been compiled in the Financial Department of the Government of India, which enables the Lieutenant-Governor to institute the comparison for those six years. Though some of the Salt, which pays duty in Bengal, is consumed in Oudh or the North-Western Provinces, it is reasonable to assume that at least three fourths of it is consumed in the Lower Provinces, this portion, therefore, of the net profits is credited to Bengal, and the remaining one-fourth added to the receipts in the North-Western Provinces, the total thus obtained being rateably divided between the North-Western Provinces and Oude, according to population. This method will, it is believed, secure approximate accuracy. As regards the administrative cost of each Province, the Heads of Administration and Public Departments, Law and Justice, Police, Education, and Public Works are of course taken; the charges for collecting taxes are deducted from the proceeds of these taxes, and only net results shown. Similarly, the receipts for Law and Justice, &c., are deducted from the charges, and only net charges shown. The charges under the Head of Land Revenue are almost entirely made up of Collectors and their establishments, and, as these officers carry on an important part of the work of administration, it is hardly fair to omit them. But, as their inclusion makes the comparison much more favourable to Bengal, an additional column is given showing the cost of administration exclusive of charges against Land Revenue and also of Allowances to District and Village Officers, which latter forms so heavy an item against Bombay. Allowances, Refunds, and Drawbacks should, properly, be deducted from the Receipts under each head, but, out of Bengal, details are not given, and it is impossible to say what amount should be allowed for Customs. No practical inaccuracy arises from their omission. Marine is omitted for the same reason as Customs,—and Ecclesiastical charges are not included. The officers of the Medical Services, however, take so important a part in administration that this head has been introduced. Military public works have been deducted from the Public Works total.

The result is shown in the accompanying Table —

NET RECEIPTS from Taxation from 1st May 1861 to 31st March 1867

	Abkaree	Assessed Taxes	Salt	Stamps	TOTAL
	£	£	£	£	£
Bengal	3,110,310	2,177,580	*10,665,973	3,348,604	19,302,467
North Western Provinces	1,197,173	1,019,142	†4,720,095	1,357,872	8,324,282
Punjab	400,170	333,623	1,833,933	239,534	5,807,860
Madras	2,241,676	875,108	5,025,243	1,541,365	9,686,392
Bombay	1,788,533	1,716,684	2,549,283	2,367,509	8,452,059

* Three fourths of 14,207,961†

† Being 78 per cent of 2,510,696†, *viz*, net proceeds in North Western Provinces, plus 3,541,991†, being one fourth of net proceeds in Bengal, the population of North Western Provinces and Oude being in the proportions of 78 to 22. The Charges in Oude exceed the Receipts.

NET COST of Local Administration for same period

	Charges against Land Revenue	Allowances to District and Village Officers	Administration and Public Departments	Law and Justice	Police	Education	Medical	Stationery and Printing	Public Works Department	TOTAL	Total, including Charges against Land Revenue and Allowances to District and Village Officers
	£	£	£	£	£	£	£	£	£	£	£
Bengal	1,650,306		792,539	2,670,064	2,621,050	713,789	856,373	337,220	3,631,019	13,061,600	11,402,944
N W Provinces	1,834,284	33,733	603,540	1,568,613	1,912,693	463,653	189,659	213,695	2,29,047	9,134,386	7,266,369
Punjab	1,003,844	11,720	560,950	679,341	1,050,715	237,773	132,776	37,044	2,262,169	6,526,291	5,510,716
Madras	2,361,214	139,259	763,019	1,951,146	2,080,636	306,631	275,985	196,89	4,310,694	12,497,967	9,897,489
Bombay	1,955,770	2,169,213	891,624	1,678,486	2,077,831	402,053	313,387	116,345	4,491,169	14,078,787	16,063,798

* The Net Revenue realised from Behar Opium may be stated at from two to two and a half millions.

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In these figures are included the income and expenditure of Assam and other portions of the Lower Provinces, to which the Permanent Settlement has not been extended, and it cannot be doubted that, if the balance could be struck for the Permanently-settled Districts only, the results would be still more favourable to Bengal*.

27 When, therefore, it is proposed that Bengal should submit to additional special taxation, such as it is not proposed to impose on any other Province, because, 70 years ago, the State in this part of the Empire gave away a large portion of the property which belonged to it, the Lieutenant-Governor cannot feel justified in abstaining from calling attention to the fact that the Lower Provinces alone, of all the provinces of the Empire, pay for their local administration entirely from the proceeds of the taxation proper, levied from the inhabitants, and are able to resign entirely, for Imperial purposes, the whole of the revenue which the State derives from sources which are either not taxation at all, or not taxation to any one in India, viz., Land Revenue and Opium, as well as the Customs Receipts, which are, properly, taxation. No doubt it is partly owing to the wealth which Government resigned to the landowners that the taxes are so productive, and it is also owing to the simplification of the machinery of which that Settlement admitted, that the Local Administration is so inexpensive compared with other Provinces, having regard to its much greater extent and much larger revenue. But, as the Lieutenant-Governor has already pointed out, and as, indeed, follows from the first principles of the economical laws of land rent, that resignation of property vested in the State was no gift to the people at large. It was only a gift to certain individuals, generally though not necessarily, resident in the Lower Provinces, and neither can these persons, for the most part, now be identified, nor can the shares of the increased rental appropriated respectively by them and by their successors or assignees, be ascertained. Even, therefore, if it would not be a breach of the Permanent Settlement, it is now impossible to trace out the persons who are in actual enjoyment of the profits which have accrued from the Permanent Settlement, in order to recover from them, in the form of a Cess, similar to Cesses elsewhere, a portion of the profits which fell into their hands, and, however a new tax may be imposed, it will, by the force of circumstances, fall chiefly upon those who have derived no benefit from the Permanent Settlement. Indeed, if the almost universal opinion of the officers of Government is correct, that local habits, customs and traditions, will, in spite of the ordinary laws of political economy, enable the landowners and superior tenants to throw the tax upon the ryots, then it will fall on a class which, it is notorious, have derived no pecuniary benefit at all from the Permanent Settlement.

28 It has, then, the Lieutenant Governor submits, been shown that (observing the distinction which Mill points out between rent and taxation) the Cesses in other Provinces are of the nature of rent, that in Bengal it would be a breach of the Permanent Settlement if a Cess precisely of the same nature, could be levied, but that as, owing to the land having changed hands, this practically cannot be, all that can be proposed for Bengal is fresh taxation proper, that, as regards taxation, Bengal already pays as high rates for Assessed Taxes, Customs, Stamps, and it is believed, Abkaree, as other Provinces, while it pays far more for Salt than Bombay or Madras, and four annas more per maund than any other part of India, though, perhaps, owing to special circumstances, the Salt Tax may press more heavily on some parts of Oude and the North-Western Provinces than on Bengal, that, while the rates of taxation are, thus, higher, in Bengal, than elsewhere, the proceeds of taxation are still more in its favour, being such as (without Customs) do more than cover the whole of the charges of the Local Administration. If, therefore, fresh taxation is necessary, the Lieutenant Governor cannot but urge that it ought to be Imperial and not Provincial, seeing that, in the words of Mill, the whole of the land revenue, up to the limits to which, including Cesses, it has been raised, is, both within the Permanently and Temporarily Settled Provinces, not taxation but "a rent charge, and is as if the State had retained not a portion of the rent, but a portion of the land." It is no more a burthen on the landlord (and a *fortiori* on the Province) than the share of one joint tenant is a burthen on the others. The landlords are entitled to no compensation for it, nor have they any claim to its being allowed for, as part of their taxes.

29 Assuming, however, that the Government of India should maintain the position that Bengal is to be specially taxed, the Lieutenant-Governor would still urge that the general principle of the equality of taxation should not be lost sight of within the Province itself. On what ground can a special tax upon land only be justified? Previous to the Income Tax Act of the present year, it might have been, perhaps, argued that, industry and trade, being specially taxed by the License Tax, a special tax on land would only restore the equilibrium of taxation, but this plea can be urged no longer. The only grounds which can, in the Lieutenant-Governor's opinion, fairly be urged in behalf of a special tax upon land are (1) that the land will derive special advantages from the expenditure proposed from the tax, (2) that the obligation in question was definitely reserved as a charge upon the land at the Permanent Settlement, so that each landowner has, unquestionably, obtained his land, by purchase or otherwise, subject to this charge. This points to a marked distinction between the two objects for which the Cess has been proposed. It may be argued, perhaps, that Local Roads will have a decided tendency to increase the value of the land

* The case may be represented in an equally striking manner as respects Bengal, the North Western Provinces, and the Punjab, by referring to the figures of the Budget Estimates for 1867-68. These figures show that while the net receipts in Bengal from Abkaree, Assessed Taxes, Salt, and Stamps were more than twice the receipts from the same sources of the North Western Provinces, and nearly three and a half times those from the Punjab, the net sums allotted to the three Governments, viz., Bengal, North Western Provinces, and Punjab, were, approximately, as 100 to Bengal, 73 to the North Western Provinces, and 50 to the Punjab.

near which they pass, but it cannot surely be urged that the education of the masses was contemplated, at the time of the Permanent Settlement, as a charge upon land. Indeed, taking a narrow view of the interests of the Landowners, it might be argued that, for some time at any rate, the spread of lower class education would be against their interests, inasmuch as it would tend to reduce the irregular power which they are now able to wield, and to raise the price of labour, from the cause referred to by the Landholders' and Commercial Association, viz., that men of the pen will not, in many Districts, have anything to say to manual labour, and that, therefore, the more they increase in number, the greater becomes the daily increasing difficulty, in many parts of the Lower Provinces, in procuring labour.

30 If any tax is to be imposed for the education of the lower classes, the Lieutenant-Governor can only, in the interests of justice, recommend that it be general. It seems as clear, from the arguments enumerated by Mill, that the principle of equal taxation would be violated by a Special Educational Cess on land only, in the Permanently-settled Districts, as it is that it has not been in any way violated by the Special Cesses elsewhere. This being the conclusion at which the Lieutenant-Governor has arrived, he would, notwithstanding the decisive tone of the letters of the Governor General in Council, earnestly entreat a reconsideration of the question. He has further to urge that it is impossible to conceive any measure that would make education more unpopular than a Special Tax for its maintenance. The Government of India is, no doubt, aware that large Endowments are frequently made in Bengal for educational purposes. A reference to the last Report of the Director of Public Instruction will show that, besides many minor donations, Baboo Doorga Churn Lahiri gave, during the year reviewed by it, half a lakh of rupees for educational purposes, while Mr Williamson bequeathed a lakh of rupees for schools in Assam. Since then, two wealthy gentlemen, who have been lost to the Community, the late Baboo Prosono Coomar Tagore, C.S.I., and Baboo Suodra Persad Roy, Zemindar of Chuekdighce, have made liberal bequests to education, and there is every reason to believe that the good example will be, more and more generally, followed if things remain as they are. On the other hand, if a tax be imposed, it will, almost certainly, turn the current of feeling strongly against education.

31 Were the Lieutenant-Governor the only advocate of this view, he would feel more reserve in pressing it upon the Government of India, but he may, perhaps, be permitted to remark that, while the Governor General in Council has very strongly insisted on the necessity of a Cess for educational purposes, in the letters under reply, the conflicting proposals which these letters contain, as well as the impracticability of all of them, show clearly that the difficulties of the question had not been fully perceived. On the other hand, the proposal to levy a Cess has been laid, on previous occasions, before various Authorities, and the conclusion hitherto invariably arrived at, has been adverse to the expediency of it. In a letter, No. 267, of the 21st January 1859, the Government of India raised the question of providing for Lower Class Vernacular Education by other agency than the Grant-in-aid rules, and the then Lieutenant-Governor, Sir F. Halliday, in his Minute of the 24th March 1859, wrote "If, then, the suggestion for the establishment of similar schools in these Provinces implies that they are to be, like the Hukabundee Schools in the North-Western Provinces, founded on a Compulsory Cess, I should desire to dissent from the proposition on the ground of the doubtful policy of attempting such a levy. In answering that letter, the Governor General in Council wrote 'As regards the establishment of Hukabundee Schools, His Excellency in Council quite

No 1020 of the 17th May 1859
agrees with Mr Halliday that a Cess for the encouragement of Education cannot be imposed in Bengal."

32 Before, however, this correspondence had reached England, the then Secretary of State, Lord Stanley, had raised the question in his despatch of the 7th April 1859. In the 52nd paragraph of that Despatch His Lordship wrote "The several existing Inspectors of Schools in Bengal are of opinion that an Education Rate might, without difficulty, be introduced into that Presidency, and it seems not improbable that the levy of such a Rate, under the direct authority of the Government, would be requested in with far more readiness and with less dislike than a nominally Voluntary Rate proposed by the Local Officers." The Report of the Government of Sir John Peter Grant on this Despatch is dated the 19th October 1860. In it he proposed the Scheme of Vernacular Education which has, with certain important modifications, become the present improved Patshala system. In paragraph 21 it is said—"Considering the new schemes of taxation now being, everywhere, introduced, the Lieutenant-Governor is opposed to any attempt to impose any Special Cess for any educational purpose. By the present system, the people pay for the chief cost of vernacular schools. The aid to be given by Government may fairly come from the General Revenues." In reply (21st September 1861) the Government of India directed the next year's budget to be prepared in accordance with Sir J. P. Grant's Scheme, and though the possibility of a difficulty in providing all the requisite funds was referred to, the general tenor of the letter shows that the then Government of India agreed with the Lieutenant-Governor as to the inadvisability of a Special Cess. It thus appears that two Lieutenant-Governors have already given their attention to this question, and that they have been both opposed to the levy of a Cess, while the Government of India has, once categorically, and once in general terms, concurred with their views.

33 Fortified with this weight of authority, the Lieutenant-Governor feels justified in expressing his conviction that a Special Tax for education in the Permanently-settled Districts is very inadvisable. His Honor cannot but think that the broad distinction which is often drawn between the forward state of higher and middle class education in Bengal, and the backwardness of mass education, does not rest on any clear and well-defined basis. It

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is very important that a clear idea should be formed of what is meant by the term Education for the Masses. If it is meant that an *opening* should be afforded, even to the very lowest classes, to rise in the social scale and reach an honorable and lucrative position, the Lieutenant-Governor must maintain that this opening already exists. There are very many schools at which an elementary education can be obtained at almost, and in some schools at absolutely, no cost whatsoever, and to these Elementary Schools numerous scholarships are open, leaving it quite possible to a successful candidate to rise from one form of scholarship to another, and, by that means, to obtain the very highest education. This, however, is not the meaning which His Honor supposes to attach to education of the masses. He presumes that all such education is based upon the reasonable and probable expectation of obtaining a living by the pen, or by what is commonly, though not very correctly, described as intellectual, opposed to manual labour, would not, however elementary in its character, be regarded as education of the masses, since whatever may be the actual status of the recipients, their object is to use their education as a means to separate themselves from the masses and rise above them. The term "mass education" is doubtless meant to be applied to instruction which the Lower Classes can be prevailed upon to receive, not with a view (except, perhaps, an exceedingly remote and possible hope) of leaving the masses, but of improving their intellectual status in the masses, of rendering agriculturists, labourers, or artisans as before, but with some knowledge of reading and writing and elementary arithmetic. Whatever view is adopted, however, the distinction between the two possible meanings of Education of the Masses is a very clear one, and, if it is kept in mind, the Lieutenant-Governor believes that the inexpediency and inutilty of a Cess for effecting the education of the masses in either sense, may be shown.

31 If the first sense is adopted, it is evident that the Education of the Masses in Bengal, and, it is believed, in other parts of India too, cannot be extended beyond a very small percentage of the entire population. In an Agricultural Country like Bengal, intellectual labour (using the word intellectual in its popular rather than in its strict meaning) cannot afford a living to more than a very small percentage of the population, leaving the vast majority to obtain a livelihood, as hitherto, from manual labour. The hope and prospect of being within the successful circle would, no doubt, operate to widen somewhat the net of education directed to this end, but the ordinary laws of supply and demand must assert themselves, in the long run, and it is clear that education, built upon such a motive as this, must always be unsuccessful in penetrating beyond a small fraction of the population. The Lieutenant-Governor is by no means certain that this point has not been already reached, in many parts of Bengal. There is reason to believe that all the avenues to intellectual employment are already filled full, while many cannot obtain the employment for which their education qualifies them. With only 1 in 328 of the population at school, as shown in Mr. Howell's Note, this may appear open to question, but, in that computation, no account is taken, not only of the very numerous indigenous schools and toles scattered over the Country, but even of the private schools unconnected with Government, taught more or less on the European method. The indigenous schools were estimated by Sir J. P. Grant on Mr. Long's calculation to be 30,000 in number, and if only 10 pupils be allowed to each this would raise the percentage of education to over 1 per cent, that is, nearly 10 per cent of boys of an age to be at school. The Governor General in Council will, it is hoped, observe the testimony of a missionary, referred to in paragraph 16 of Mr. Chapman's letter, enclosed herewith, that his experience shows more readers among the masses in Bengal than in the North-Western Provinces, though, according to Mr. Howell's paper, education to that extent should be much more extended in the North-Western Provinces. The Lieutenant-Governor believes that the missionary is correct, and that the fact is due to the far greater extension of indigenous schools in this part of India. No doubt these schools might be improved, and many of them could be brought under Government control by the agency of a Cess, but the Lieutenant-Governor must represent that, to levy a special educational tax for the purpose of improving a certain number of indigenous pathshalis, or supplanting them with new pathshalis, would be extremely inexpedient. If, then, this view of mass education be taken, the Lieutenant-Governor believes that no more remains to be done in Bengal in this direction than in other parts of India, and that such improvements as are needed, will work themselves out by the gradual progress of time.

35 If, however, the other view of Mass Education be taken, the Lieutenant-Governor, while he admits freely that there is little or none of such education in Bengal,* must beg leave to doubt whether there is more of it in other parts of India, and, in any case, he feels

* The Lieutenant Governor cannot refrain from quoting here a forcibly expressed and in his judgment a very true, passage from a Minute recorded by one of his predecessors.

"I have avoided in this Minute the use of the expression 'the Masses' although I might have quoted for it the authority of the Education Despatch of 1841. But I think it has, in some quarters, led to misunderstanding, and may cause consequent disappointment. Some have understood from it that the Government contemplated the immediate instruction in at all events, the arts of reading and writing, and the rudiments of learning of all the poorest people of India the bearers of wood and drawers of water over all this Continent, and by persons so understanding it plans have been expected which were to provide for this vast purpose, and occasional peevish censures have been uttered because of the delay to enter upon a work supposed to be essentially and indispensably required.

"To me all this appears absolutely visionary. It is more than has yet been attained in England, and is more than the social and economical condition of India could for many a season, permit us to attain here, even if the Government had yet men and means to attempt it. We must feel our way and go as low as we can, educating, or showing how to educate, where there seems to be a call for education, and stimulating and encouraging the production of such a call, but not forcing education upon our subjects against their present wishes, and against the very necessities of their existing condition. After all we can do there will remain millions of our subjects to whom, and to whose children and children's children, education is, and will be, a thing hopelessly incompatible with the stern and pressing needs of a protracted and precarious existence. And these are in fact 'the Masses' for whom we are expected to propose, Utopian plans of enlightenment and intellectual elevation."

confident that a cess such as that proposed, will entirely fail to accomplish it. The largest percentage exhibited by any Presidency in the table prefixed to Mr. Howell's note is that of Bombay, where only one in 139 of the population is at school. This evidently, by itself, does not indicate the existence of Mass Education in the second sense of the word. Judging from this part of India, it seems likely that the passion for employment is the most probable mainspring of this education, and, considering the commercial wealth of the Bombay Presidency, there is nothing to prevent it supporting, from intellectual labour, a sufficient percentage of the population to encourage this extent of education. But, in any case, a Cess of the kind proposed is quite inadequate to support Mass Education, taking the word in the second sense. No Cess upon the land in the Permanently-settled Districts that can reasonably be contemplated would realise, at an extreme computation, more than 10 lakhs. If half of this were devoted to Education, it would only multiply three or four-fold the number of Primary Schools now in existence, and, as indigenous schools already occupy this field, and would gradually disappear as the others advanced, the result would probably be nothing more than the substitution of the European, for the indigenous, method of Primary Education, while the masses would remain practically untouched.

36 The Lieutenant-Governor cannot but think that the difference which exists between the state of education in Bengal and other parts of the Empire is due far more to the circumstances of the Provinces than to any Educational Cess. Owing to the operation of the Permanent Settlement, Bengal contains, scattered throughout the different classes of its population, many persons who have acquired more or less of an independence, from the profits of the land surrendered by Government in that measure. Assuming that, in the Permanently-settled Districts of the Lower Provinces the share of the rents which is received as Revenue by Government is not more than 25 per cent, and that if those Districts were now open to Settlement the Government would take 50 per cent of the rents, the State is annually losing about 2½ crores of rupees, which would come into its coffers if Bihar and Bengal Proper were not Permanently Settled. As already pointed out, this wealth cannot be now taxed, but it exists, and the results of taxation in Bengal, as contrasted with other Provinces, show it. The persons thus raised to comparatively easy circumstances, readily appreciate the advantages of an English education, and immensely diminish all the efforts of Government into that channel, as soon as their aspirations rise above the level of the Indigenous Schools. Hence, Higher Class Education has in Bengal a strength of its own which has yet been found in no other part of India, and this consideration, if the cause of it is rightly inferred, seems to the Lieutenant-Governor to afford an indication of what the State is entitled to expect from those who have profited by the Permanent Settlement. As higher education, in Bengal, owing to the existence of this class, and to the greater progress of trade and civilisation, is more required, it should be more conceded, but the economy in higher education resulting from the appropriation, by the class demanding it, of the increased value of the land since the Permanent Settlement, should, to some extent, compensate for the greater expense in Lower Class Education, which is, unavoidably, owing to Government having abandoned those profits and being unable to increase its rent-charge. It will be found that, hitherto, this condition has been well fulfilled. Contrasting with one another the five principal Governments, the expenditure on education for the 11 months of 1866-67 is as follows—

1 1866-67	2 From Imperial Funds	3 From Cesses, private sources and fees	4 TOTAL	5 Percentage of Column 3 to Column 4
	Rs	Rs	Rs	
North-Western Provinces	7,74,009	4,57,286	12,31,295	37.1
Punjab	5,62,654	3,56,109	9,19,663	40.7
Bombay	9,16,678	6,01,629	15,18,307	39.6
	From Imperial Funds	From Private Sources and Fees	TOTAL	Percentage of Column 3 to Column 4
	Rs	Rs	Rs	
Bengal	13,85,762	9,01,929	22,90,691	39.5
Madras*	6,16,071	1,16,090	7,32,161	15.8

This shows that, up to the present time, the proportion which local expenditure bears to State expenditure on education of all kinds, is as great in Bengal as elsewhere, and, if allowance be made for private colleges and schools, indigenous schools, and tolls to which the State contributes nothing, and which are believed to be, proportionately, more numerous in Bengal than elsewhere, the comparison will be still more favorable.

* It is believed that there is no Compulsory Cess in Madras.

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37 The Lieutenant-Governor therefore earnestly hopes that the orders of the Government of India to impose a Special Tax for Education in Bengal may be re-considered, and the Grant sanctioned on the same footing as heretofore. His Honor has no doubt that a moderate annual increase to that Grant will be required to enable the present scheme for establishing improved panchalats to be extended, but, on the other hand, he is fully prepared on his part, to do all in his power to reduce that increase by calling upon private munificence to bear a continually increasing share in the expenses of higher education.

The Lieutenant Governor admits the necessity of a local tax upon land for the maintenance and construction of roads.

38 The case of Roads is, in many respects, different. There is no doubt that Bengal has not been treated as liberally as other parts of the Empire in respect to civil public works, in proportion to its area, population and income, but, looking at the financial exigencies of the State, and at his earnest protest against an Educational Tax, His Honor is prepared to admit the necessity of a Local Tax upon land for the maintenance and construction of Local Roads. Such roads may be expected, directly, to benefit the land which will be taxed for their construction, and, therefore, in selecting it specially for taxation, no breach is committed of the equitable principle of equality of taxation. As already pointed out, the tax must be imposed on all persons who share in what is understood under the ordinary acceptance of the term "rent of the lands," in Political Economy. Any form of tax, however, which would require a complete scrutiny or survey would defeat its own object by the expense which it would involve, and of all the suggestions which have been made, the Lieutenant-Governor is inclined towards the plan disapproved in Mr. Chipman's letter, viz., a uniform average tax (notwithstanding the extreme difficulty of arranging the details of such a tax with any approximation to equality). It might be necessary to exempt, or assess at a diminished rate, large tracts of permanently-settled jungle, such as are to be found in Bancoorah, Mymensingh, and elsewhere, but where jungle or bad land forms only an inconsiderable part of an estate, the inequalities of incidence would tend to correct each other, and the rate would be so low as to render such inequalities a remainder of secondary importance. It would be desirable to expend in each District, or at least in each Division, the amount raised in it, and, as the benefit of roads is so tangible that all can appreciate it, the Lieutenant-Governor hopes that a Cess for this purpose would be far less unpopular than one for Education. It would probably be possible to remove all Tolls (though it might not be advisable to remove Ferries), which are undoubtedly a source of great extortion and inconvenience in many places, and this would tend to reconcile people to the new tax. The tax must be entirely payable by the immediate payers of revenue, who should be entitled by law to collect a somewhat reduced amount from Subordinate Proprietors.

39 Until the Lieutenant-Governor knows whether this proposal meets with the approval of the Governor General in Council, it is unnecessary to consider the details further.

No 5, dated 12th May, 1870

*From—The Secretary of State for India,
To—The Government of India*

I have had under my consideration in Council Your Excellency's despatch, No 17, of the 31st December 1869, with a copy of further correspondence with the Government of Bengal "on the subject of providing from Local Sources the means of extending Elementary Education among the masses of Bengal, and of constructing and maintaining Roads and other works of public utility." In the concluding paragraph of your despatch under consideration, you declare that the "Imperial Resources of the Empire are unable to provide the large sums necessary for such purposes as these," and you add, "if we are to make roads, to educate the people of Bengal and keep them clean and healthy, it can only be done by imposing on Local Resources such a burden as they can conveniently bear. We are, therefore, decidedly of opinion that it is the duty of the Government of India to insist on their gradual imposition, and, if we have refrained from taking immediate steps for this latter object, it mainly is because we wish to be informed, in the first instance, whether our conclusions are accepted by Her Majesty's Government, it being of much importance that we should be fully assured of their support in any measures that we may take to give effect to our intentions."

2 I do not understand the question now referred for my decision to be the question whether a Local Cess, if levied at all, can justly be levied from the zemindars alone, or whether all other classes which have acquired beneficial interests in the soil must equally contribute to the rate. The Lieutenant-Governor of Bengal understood the letter of Sir J. Lawrence, of 28th October 1867, No 5876, as a proposal to levy Rates from the Zemindars alone. This impression does not seem to have been removed by the further letter from Sir J. Lawrence's Government, dated 25th April 1868, No 237. This last letter modifies, on several points, the opinions which had been indicated in the previ-

ous letter of 1867 These modifications the Lieutenant-Governor, in his letter of 30th April 1869, No 1768A, refers to as important, but he does not accept them as sufficient In particular, he points out (para 10) that whilst the method of rating the Cess originally suggested (namely, in proportion to the land revenue) is abandoned, "it does not appear that the Governor General in Council has altered his opinion as to the persons who should be called upon to pay it" Accordingly, the Lieutenant-Governor proceeds to state some most important facts, which had not, probably, received adequate attention when the levying of rates was first suggested—that since the Permanent Settlement was made, the condition of landed tenures has entirely changed, and a great variety of derivative interests have arisen between the original Zemindars and the actual Cultivators of the soil So complete is this change, that the Lieutenant-Governor represents (para 27) the Permanent Settlement as having been "only a gift to certain individuals, and, neither, can these persons, for the most part, now be identified, nor can the share of the increased rental appropriated by them and their successors or assigns, be ascertained" In the despatch under reply the bearing of these facts on the incidence of rates is fully acknowledged, and, in view of them, it would clearly be unjust, irrespective even of the promises given under the Permanent Settlement, to levy Cesses or Rates solely upon the Zemindars Looking, however, to this correspondence as a whole, I gather, even from the letter of the 28th October 1867, more clearly, from the letter of 25th April 1868, and, most clearly of all, from Your Excellency's despatch now under reply, that neither the method of levying the rate, nor the distribution of its incidence among different Classes, were questions to which chief importance was attached by the Government of India The one point on which Sir J Lawrence insisted, and on which Your Excellency now insists, is that the expense of Roads, Education, &c, in Lower Bengal cannot be borne by the Imperial Exchequer out of its existing Revenue, and that it must be met by Special Rates levied Locally for the purpose The method of levying the rate and the distribution of it were matters to be carefully considered, in communication with the Lieutenant-Governor of Bengal His Honor, in his letter of 30th April 1869, finally accepts a Rate for Roads to be levied upon land, but only in consideration of the urgency of your Government, and the obvious utility of the purpose in view His Honor also seems prepared to admit that it might be legitimate, though not expedient, to levy a rate for education, provided it were converted into a general tax affecting all incomes from whatever source But, in principle, I understand His Honor to contend, and a great part of his letter to be directed to establish, that, whether for Roads or for Education, it is not just to levy in Bengal any merely Provincial Tax whatever, and especially any Rate or Cess, the main burden of which must be laid on land held under the terms of the Permanent Settlement of 1793

3 The question thus raised for the decision of Her Majesty's Government has immediate reference to Lower Bengal, but the arguments used, on both sides in the correspondence involve, both directly and by implication, the whole subject of the conditions and the circumstances under which the Government of India can be justified in imposing on the people Special Rates or Taxes in order to effect improvements which the existing Revenue is insufficient to provide for

4 The importance of this subject, in a financial point of view, can hardly be exaggerated It may be stated, broadly, that the General or Imperial Revenues of India are barely sufficient to meet the demands which are, at present, made upon them by the Civil, Political, and Military Administration of the Empire, together with the Interest on Debt and the interest on great Public Works which have not yet become remunerative But, whilst these exhaust the means at the disposal of the Government, they do not exhaust the obligations which are thrown upon it by the condition of the people The Government does, and it ought to do, in India, much which, in Europe, is undertaken by private enterprise, or by Municipal and other Local Bodies In India it may be said, with substantial truth, that private enterprise does not exist, and that the machinery for local taxation and expenditure is yet but imperfectly developed In the Department of Public Works, both "Ordinary" and "Extraordinary," there is a large expenditure by the Government which, in Europe, would be met, either by individuals or by Companies, or would be

It may be stated broadly that the general or Imperial revenues of India are barely sufficient to meet the demands which are at present made upon them by the civil, political and military administration of the Empire, together with the interest on great Public Works which have not yet become remunerative Hence, unless the country is to remain without drainage, without roads and without education local rates must be established for the purpose

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FOR INDIA
12th May 1876

defayed by assessment But there is still much absolutely requiring to be done, if the condition of the people is to be improved, which the Government cannot overtake out of the Imperial Funds It cannot, out of the means now remaining at its disposal, make and maintain the Roads and By-roads required for developing the resources of a Country so vast as India If, therefore, this work is to be done at all, it must be done by the help of Rates established for the purpose In like manner, it has been assumed, in all the discussions, which have arisen during recent years upon this subject, that the expenditure which may be required for the vernacular education of the people, and for sanitary improvements, cannot be afforded by the Imperial Revenue, and must be met, in the main, out of the same additional resources There appears, indeed, to be no alternative, unless it be the alternative of allowing the Country to remain without Drainage, and without Roads, and without Education

5 Accordingly, this conviction has been now, for many years, forced upon the Administrations of some of the most important Provinces in India, upon the Supreme Government, and upon several successive Secretaries of State. Local rates for meeting the necessities of Local Improvement have been levied, over and above the land revenue, in the Punjab, in the North-West Provinces, in Central India, in Oude, in Scinde, and throughout the Presidency of Bombay I shall, presently, advert to the distinction which has been drawn between the circumstances and conditions under which these Rates have been imposed, and the circumstances which affect the question of imposing them in Bengal I am now only recording the fact that such Rates have been raised in the Provinces above named In the 53rd paragraph of the Educational Despatch of the 7th April 1859, Lord Stanley called special attention to the question of the expediency of imposing a Special Rate to repay the expense of Schools for the rural population Sir Charles Wood, in his despatch of the 25th May 1861 to the Government of Bombay, whilst recounting all the difficulties and objections which had been felt upon the subject of Cesses in addition to the Land Revenue, spoke of the obligation to keep up Roads of internal communication as a liability, everywhere, attaching, both by reason and by custom, to the owners and occupiers of land In respect to Education he referred to the probable necessity of dealing with the question by a Specific Legislative Enactment Accordingly, such an Enactment, under conditions to which I shall afterwards refer, has, actually, been adopted in Bombay Lastly, my predecessor Sir Stafford Northcote, in Council, in his despatch of the 28th of October 1868, No 22, approved of these proceedings of your Government in which the proposal was made to levy a Rate for this purpose in Bengal

6 I come, then, to the specific objection to this proposal that the Government of India is precluded from imposing Special Rates in Lower Bengal, because of the binding promises made to the landowners of that Province under the terms of the Permanent Settlement In considering this question, I put aside, for the moment, every argument which turns upon the purposes to which the proposed Rates or Taxes are to be applied On this point, there seems to be some doubtful reasoning used, on both sides, in the Correspondence before me Your Government, repeatedly, asserts the right of imposing Local Cesses for Local Purposes, implying that the purpose to which such a tax is devoted affects the question of the right of the Government to impose it Assuming the right to impose any given tax, the purpose to which it is applied may make all the difference in these two most important things first, the reasonableness, or even the justice of imposing the tax, and secondly, the possibility of making that reasonableness and justice plain to the people who are to pay it But, if the right to impose the tax be absolutely denied, on the ground of a binding promise that no such tax should be imposed, then the purposes to which we may intend to devote the money, can have no bearing on the question of our right to raise it

7 But the question whether the Government of India has, or has not, the right to impose taxes upon land in Bengal, even for the general purposes of the Empire, has been ruled, and decided, in the case of the Income Tax And yet that ruling was not and could not be arrived at by any mere construing of the words in which the promises of the Permanent Settlement were made Those words did not contemplate such a case, and, to reach the general principles on which that case was ruled, it was necessary to go outside altogether of the four corners of the document in which the Permanent Settlement is recorded

8 Your Excellency has, indeed, referred to Article VII of that Regulation, as indicating the reservation of a power large enough to include that which is now disputed. I am bound to say, however, that this argument does not appear to me to be satisfactory. It is true, indeed, that, under that Article, the Government of India retained a right of enacting such Regulations as it might think necessary for the "protection and welfare" of the various Agricultural Classes. It is true also that we may argue, in all good conscience, that the support of Roads and of Vernacular Education are necessary for the "welfare" of those Classes. But the whole context of the passage indicates, in my opinion, that the power intended to be reserved under that Article was the power of regulating and limiting the power of the Zemindars over their Tenantry. It is, indeed, obvious that, in the exercise of such a right, the revenues of those zemindars might have been affected to a far greater extent than they can be affected by rates for the making and maintenance of Roads or of Schools. But, if the question be whether the right to levy such rates, in addition to the "jumma," was contemplated, or thought of, at the time, I am compelled to believe that no such idea was in the mind of the Government of Lord Cornwallis, in 1793.

9 But if the words of the Permanent Settlement do not rule the case in favour of the power now claimed by your Government, neither do they rule it in a sense adverse to that claim. The great object and purpose of that Settlement, as clearly defined and described in Article VI, should govern our interpretation of its terms. That object was, as this Article explains at length, to put an end, for ever, to the practice of all former Governments of altering and raising the Land Tax "from time to time," so that the landholder was never sure, for any definite period, what proportion of the total produce of the soil might be exacted by the State. This uncertainty was to be set at rest for ever. The "Public Demand" was to be Fixed and Permanent. Such was the promise, and its scope and object were clearly explained in the concluding exhortation addressed to the landowners, that "they would exert themselves in the cultivation of their lands, under the certainty that they would enjoy, exclusively, the fruits of their own good management, and that no demand would, ever, be made upon them, or their heirs and successors, by the present or any future Government, for an augmentation of the public assessment in consequence of the improvement of their respective estates."

10 These last words illustrate the whole force of the argument which has been admitted to be just, in the case of the Income-tax. It must be remembered that none of the pleas which, in the correspondence before me, are urged in favour of the right of the Government to levy Rates for Roads or for Education, could have been put forward in favour of the right to impose an Income Tax on the landholders of Bengal. The Income-tax was not "Local" in any sense. It was not applied to special purposes intended for the immediate benefit of the Agricultural Classes. It was, in the fullest sense of the words, a "Public Demand," levied over and above the Public Demand which, under the Permanent Settlement, had been fixed "for ever." It went directly into the Imperial Exchequer, and was applied precisely as the Land Revenue, and all the Imperial Taxes, were applied. But there is one thing which that tax was not. It was not an increase of the public demand levied upon the zemindars "in consequence of the improvement of their estates." It was levied upon a wholly different principle, and in respect of a wholly different kind of liability. One index and proof of this difference lay in the fact, that although this "Public Demand" was made upon those to whom the promises of the Permanent Settlement had been given, it was made upon them only in company with other classes of the Community, and with no exclusive reference to the source from which their income was derived.

11 But, when the principle of this distinction is clearly apprehended, it becomes obvious that an Income Tax is not the only form of "public demand" to which that principle applies. The same essential distinction may be established between the original assessment which was fixed "for ever," and every kind of Tax, or Cess, or Rate, which is levied, irrespective of the increased value or produce of land, and with no view to a readjustment of the proportions in which the produce of the soil is divided between the State and the owners of land.

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holding under it The best method of marking this distinction, and of making it clear, is to provide that such Cesses should be laid upon the owners of land only in common with other owners of property which is of a kind to be accessible to the Rate

12 It has been contended that the Rates levied in other Provinces of India, are essentially distinct in principle from the Rates which it is proposed to levy in Bengal The argument appears to be, that in other Provinces of India, the Local Rates are simply so much addition to the ordinary Land Revenue—an addition which is, there, legitimate, because the Government had not in those Provinces debarred itself by positive engagements from increasing the Land Assessment This appears to be only another form of stating the argument already dealt with which is founded on the terms of the Permanent Settlement But the distinction thus drawn between the character of such Rates when levied in Bengal, and the character of similar rates when levied elsewhere, is a distinction which I concur with your Excellency, in considering to be unsound Whatever character may be assigned to these Rates as a matter of mere verbal definition, they were, unquestionably, intended by the Government, in all the Provinces in which they have been raised, to be in addition to the land revenue, and not a part of it This separation was expressly defined and marked in the proceedings of the Government of Bombay before any Special Legislation had been passed upon the matter In the Resolution of that Government, dated 9th March 1860, the Superintendents of Survey were directed, “after fixing the assessment of a District,” to add the rate “over and above the amount which, on other considerations, they may deem appropriate” Although incorporated with the land revenue in respect to the mode of levy, as being the most convenient, it is, again, in the same sentence, explained to be “calculated over and above the ordinary assessment,” and Sir Charles Wood, in his Despatch of 25th May 1861, in which he dealt with the proposal, speaks of it as a proposal “for the imposition of a School Rate and Road Cess in addition to the revised rates of land assessment which have been, and still are, in course of introduction”

13 Her Majesty's Government are, therefore, of opinion that it cannot be said, with justice, that to impose Rates in Bengal would be to impose a Special Tax on that Province which is not imposed on other parts of India.

14 It is true that, in making some of the more recent land settlements, in various Provinces of India, the Government has given notice that, in fixing the assessment of land revenue for 20 or 30 years it retained the power of imposing some additional Rates for Local Expenditure In the Bombay Act of 1865,* a Notice to this effect has been made permanent, by law But this Notice, so far from indicating that such Rates are to be considered as part of the Land Revenue, is, on the contrary, a distinct indication that they are to be considered separate The Notice was issued, because the Government was warned, by the misunderstanding which had arisen in Bengal, and because it knew that precisely the same misunderstanding might arise under any Settlement, the misunderstanding, namely, that, during the term for which such Settlement might be made, the Government absolutely surrendered all power of additional taxation upon the land But, although, under these circumstances, it was expedient to prevent such misunderstanding in future by a warning explanation to all with whom new settlements might be made, Her Majesty's Government do not admit that, where no such Notice has been given, no Rates can be levied in addition to the assessment This, indeed, would involve a result in direct antagonism with the principle laid down in this Despatch, and sanctioned in the case of the Income-tax That principle is, that any extra Taxation or Rating levied from the Agricultural Classes over and above the land revenue, must be imposed as equally as possible upon all holders of property accessible to the impost But, if those holders of landed property are to be free from the Tax, to whom Notice was not given at the time of Settlement, the rates cannot be imposed equally, but, on the contrary, there must be an extensive system of exemptions And those exemptions must especially include the holders of Inams, of alienated villages, and all Permanent Tenures either rent-free or at small fixed quit-rents The guarantee under which these persons hold their lands, free from any increase of the land assessment, is a guarantee quite as binding as the promise given to any holder in Bengal But

the practical injustice of exempting Inamdars, or the owners of alienated villages, is as apparent as the departure it involves from the principle of making Rates equal and general in their incidence. It must always be remembered, in matters of taxation, that when a given work is to be done, and a given amount of expenditure is required to do it, the exemption of any class is simply an aggravation of the burden on all other classes who are not exempt. And, in this case, those would be the exempted Classes who have been, otherwise, most favoured by the State, and those would be the classes bearing an aggravated burden who, already, contribute most to the public expenditure. Moreover, the holders of property thus exempted would derive equal, or indeed greater, benefit from the Rates than the holders of property, who, alone, would be called upon to pay them. On these grounds, Her Majesty's Government feel that, in rejecting any claim to exemption from Rates on the part of those who did not expect to pay them at the time of the land settlements, or on the part of those who hold under permanent tenures whether of one kind or another, they are not adopting any mere verbal plea in order to justify a foregone conclusion which, otherwise, might be difficult of defence. They are satisfied, on the contrary, that they are rejecting a claim founded solely on a mistaken interpretation of the mere wording of a particular document, and which, if admitted, would lead to results at once anomalous and unjust.

15 It is the more important that a final decision on this matter should be arrived at, because it must be admitted that the misunderstanding on which such claims to exemption are founded, is a misunderstanding which has been long prevalent, and has imparted a character of doubt and hesitation to the language and to the acts of the Government, both in India and at Home. There has been, on the one hand, a feeling and a conviction, of the essential distinction between the ordinary Land Revenue and the rates which it was desired to levy, whilst, on the other hand, there has been a difficulty in defining that distinction, and a fear lest it should be found to be incapable of explanation to the people. Hence there has been a variety of suggestions for evading the difficulty, by raising the required amount of money through a House Tax, or a License Tax, or some other tax which could not be confounded with the land revenue, and respecting which, therefore, there could be no doubt of the right of the Government to impose it. But all these suggestions have, for various sufficient reasons, been rejected. The Despatch of Sir J. Lawrence, of 22nd February 1867 (No 9, Revenue Department), exhibits the embarrassment felt by the Government of India in this condition of affairs, and its anxiety lest rates on landed property should appear to the people to be a breach of faith. It is injurious alike to the Government and to the people, that this condition of things should continue. The Government has nothing to conceal, and the people have nothing to fear or lose in the re-affirmation of the same principle as regards rating, which has already been affirmed as regards the Income Tax.

16 An important step in the practical decision of this question has been taken in the passing of the Bombay Act, No III of 1869. The special object of that Act is to raise "funds for expenditure on objects of local public utility and improvement," and, for this purpose, it imposes Rates upon all holders of land, without making any distinction between those who received, and those who did not receive, a Notice at the time of settlement. No exemption of any class of landholder is admitted. On the contrary, the holders of rent-free, of alienated villages, and of other permanent tenures, are, expressly, subjected to the rates.

17 In view, therefore, of these various facts and considerations, Her Majesty's Government have now to intimate to your Excellency the conclusion to which they have come, after a careful consideration of a controversy which has now been going on for a long course of years. This conclusion is that Rating for Local Expenditure is to be regarded, as it has hitherto been regarded in all the Provinces of the Empire, as taxation separate and distinct from the ordinary land revenue, that the levying of such Rates upon the holders of land, irrespective of the amount of their land assessment, involves no breach of faith on the part of the Government, whether as regards holders of permanent or of temporary tenures, and that, where such Rates are levied at all, they ought, as far as may be possible, to be levied equally, without distinction and without exemption, upon all the holders of property accessible to the rate.

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18 So far I have been dealing only with the right of the Government to levy Rates, and with the argument that this right had been parted with for ever under the terms of the Permanent Settlement in Bengal. I now proceed to consider the further question, which ought to be kept entirely separate, namely, the expediency and policy of exercising the legitimate power of the Government in imposing such rates in Bengal. Many arguments, which are entirely irrelevant in the discussion of right, become arguments of first importance on the question of policy. (1) The proportion which the existing land tax bears to the whole resources of the people on whom we propose to place new taxes, (2) The mode of levying them, so as to reach fairly the different interests in the property to be assessed, (3) The machinery through which the levy is to be made, (4) The persons to whom the expenditure is to be entrusted, and, (5) The special purposes to which Rates are to be applied. All these are most important elements in the question of policy, perhaps, even, of justice. They cannot therefore be too carefully considered.

19 Adverting, then, to these matters in the order in which I have now enumerated them. (1) It cannot be maintained that the people of Bengal are less able to afford such Rates than the people of other Provinces of India. In so far as the Permanent Settlement makes any difference in their case, it is a difference in their favour with respect to the other demands made upon them by the State. A large portion of the produce of the soil, which, even, at the most moderate assessment made, elsewhere, in India, would have been appropriated by the State, has been left in the hands of the various Classes connected with agriculture, and has contributed to increase the general wealth and resources of the Province. The case, on this point, for the Government cannot be better stated than in paragraph 36 of the Lieutenant-Governor's letter to your Government, dated 30th April 1869. "Owing to the operation of the Permanent Settlement, Bengal contains, scattered throughout the different classes of its population, many persons who have acquired more or less of an independence from the profits of the land surrendered by the Government in that Measure." It is true that, in the greater fruitfulness of indirect taxation and of some Direct Taxes in Bengal, as compared with other Provinces, the Government recovers some portion of the revenue which it has sacrificed in the form of land assessment. But this very fact testifies to the greater wealth of the people, and is a conclusive proof that they can bear, at least as well as the people of other Provinces, such Special Taxes as may be required for Drainage, Roads, and Schools.

20 On the next point, (2) The mode of levying Rates so as to reach fairly the different interests in the property to be assessed, I understand you to be fully impressed with the justice of providing that they should be levied as equally as possible, not only on all kinds of rateable property, but, as equally as possible, also upon the various Classes who have various interests in that property. I observe that you contemplate the extension of the Cess to towns and villages (para 24). There is, indeed, no reason why the burden either of Roads or of Education should be thrown exclusively upon the Agricultural Classes, where other Classes are equally interested in the expenditure, and have property of a kind which can be made accessible to Rates. How all this can best be done is a question which must be locally decided. The knowledge and ability possessed by the Lieutenant Governor of Bengal, which are eminently displayed in this Correspondence, give me confidence that, when the decision of Her Majesty's Government is announced, the measures consequent upon that decision will be directed with a careful regard to all the peculiar circumstances of the Province which is under his Administration.

21 As regards (3) the machinery through which the levy of Rates is to be made, and (4) the persons to whom the expenditure of them is to be entrusted, it would indeed be most desirable if the local character of these Rates could be emphatically marked by committing both the assessing of them and the application of them to Local Bodies. If the people were further advanced in the knowledge and appreciation of those advantages which we desire to confer upon them, there would be no need of interposing the authority of the Imperial Government in regard to such matters as the making and maintenance of Roads, of Schools, and of Sanitary Improvements. In this case, we might entrust the initiative in all such things to the people themselves. But, speaking generally, it may be

said that the people have, as yet, neither the knowledge, nor the desire, nor the organisation which could, alone, render it possible to rely, exclusively, upon their voluntary action. Nevertheless, when the authority of the Supreme Government has been excited to prescribe, as an obligation, the performance of certain duties, it may be possible, and, if possible, it will, certainly, be desirable, to carry the people along with us through their natural Native Leaders, both in the assessment and in the expenditure of Local Rates. The importance of doing so has been acknowledged in the measures adopted for regulating the management of similar Rates in other Provinces of India, and it would be, in the belief and hope of Her Majesty's Government, an undeserved reproach to the many wealthy and intelligent Native Gentlemen of Bengal, to suppose that a similar course may not be successfully pursued as regards the people of that Province.

22 Closely connected with the local character which may belong to Rates arising out of the mode of assessment and of administration, comes (5) the local character which depends on the purposes to which they are to be exclusively applied. I have already pointed out that the purposes to which a tax may be applied cannot be considered as affecting the abstract right of the Government to exact it. But, assuming this right, everything as regards the policy, and even the justice, of the rates now in question, turns upon the manner in which they are to be expended. It is, of course, essential that the Government of India should be, itself, satisfied that it is breaking no faith in any measure it may take, but, next to the necessity of this assurance, is the necessity, or, at least, the great importance, of making the same conclusion plain to the apprehensions of the people. For this purpose, it is, above all things, requisite that the benefits to be derived from the Rates should be brought home to their doors—that these benefits should be palpable, direct, immediate.

23 The making and improving of Wells, Tanks, and other works of Irrigation, affecting comparatively small areas of land, are the operations which probably best comply with these Conditions. But Roads are a first requisite in the improvement of every Country, and, although, as yet, they may not be equally valued by the people, it is the duty of the Government to think for them in this matter, and the benefits they must derive will yearly become more apparent to themselves. It is due, probably, to these considerations that the Lieutenant-Governor of Bengal has waived his objection to Local Rating in Bengal for making and maintaining Roads (admitting, indeed, that, for this purpose, a Cess upon landed property is necessary), although, as regards the argument founded on the Permanent Settlement, no clear distinction has been drawn between the right of the Government to levy Rates for Roads and its right to levy Rates for Education. Her Majesty's Government can have no doubt that, as elsewhere, so in Bengal, the expenditure required for the education of the people ought to be mainly defrayed out of Local Resources. Thus, however, is precisely the application of Rates which the present condition of the people may render them least able to appreciate. I approve, therefore, of your Excellency proceeding with great caution in this matter. The circumstances which have just compelled you for the general purposes of the Empire, to increase the tax upon Incomes would appear to render such caution more necessary at the present moment. I do not construe the concluding words of the 6th paragraph of your despatch as suggesting that rates nominally levied for one purpose should afterwards be applied to another, because I am sure that your Excellency must be as fully alive as Her Majesty's Government to the necessity of maintaining perfect openness in our dealings with the people of India, especially as regards imposts which are comparatively new, and which seem to be so much contested. I do not doubt, therefore, that, in the paragraph referred to, you intended only to suggest, that until the system, machinery, and incidence of Local Rating in Bengal has been satisfactorily established, so much only should, in the first instance, be raised as is required for Roads. Her Majesty's Government approves of this precaution, and they are of opinion that any addition to the Cess should be duly and separately notified to the people, with a full explanation of the special purposes to which it is to be applied.

24 I have now communicated to your Excellency the views of Her Majesty's Government on the matter which you have referred for their decision. Of the great importance of the subject in a financial point of view I have already spoken. If it were indeed true that, in the land revenue raised from the

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agricultural classes the Government of India took so much from the resources of the people as to leave them unable to bear any additional burdens, then, indeed, it would be as impolitic to impose "Local Rates" as to impose any new Imperial tax. In this point of view, it matters nothing whether the land revenue be in the nature of a "Rent" or in the nature of a "Tax." So far as regards the ability of a people to bear fresh burdens, it is the same thing whether they be over-rented or over-taxed. But Her Majesty's Government are satisfied that this is not the condition of things with which we have to deal. It is notorious that the direction in which the Government of India has been proceeding in its land assessments has been the direction of making those assessments more moderate, and of eliminating, altogether, the element of uncertainty, of arbitrary variation, which, more than anything else, impeded the progress of agricultural improvement. The whole discussion, which is now before me, has arisen out of the fact that, in Bengal, the Government went so far in giving effect to this policy as to declare the land assessment to be "fixed for ever." The same principle is involved, and the same policy is expressed, in the long and definite periods of time for which, in other parts of India, the assessments are now equally fixed, and during which they cannot be readjusted in favor of the State. This policy is a wise one, even though the Treasury should appear, in the first instance, to be a loser by it. The true wealth of a wise and just Government lies in the growing wealth of its people, and the fiscal system which most encourages the accumulation and enjoyment of capital in private hands, must, in the long run, be the most profitable to the State. But there is one condition attaching to this argument, without which it ceases to be applicable to a people situated as the people of India now are. The growing wealth of the Country must be made accessible to such demands as arise from time to time out of the duty and the necessity of our applying to its condition the knowledge which belongs to a more advanced civilisation than its own. We are spending the Imperial Revenues of India, conscientiously, for the good of its people. If there are some great improvements in their condition which we cannot afford to undertake, we must not be precluded from throwing the cost of such improvements upon those growing resources, of which we heartily desire to see that people in the enjoyment, but which are due, in a great measure, to the government we provide.

25 There is yet one other aspect in which the question of Local Rating for Special Purposes must be regarded—an aspect in which it assumes an interest and importance distinct altogether from its bearing on finance. Local Rating, although it may be imposed, in the first instance, by Imperial Authority, must become a powerful means of further educating the people in an intelligent management of their own affairs. I approve entirely of the anxiety shown by the Government of Bombay in its first action in this matter, and expressed also by the Supreme Government, under Sir J. Lawrence, that, as far as possible, the assent and concurrence of the Rate-payers should be secured, both in the levy and in the management of the rates. I commend this wise policy to your careful consideration, in communication with the Lieutenant-Governor of Bengal and the subordinate Branches of his Administration.

I have, &c ,

(Signed) ARGYLL

Dissent by MR MACNAUGHTEN

I dissent from the dispatch which passed Council on Thursday last on the subject of the Education Question.

1st Because I consider that the tax, if levied at all, ought to be general in its application, and, irrespective of the amount of land revenue under the Permanent Settlement, should be imposed upon the holders of all property, real and personal, of whatever description.

2nd Because I consider that the mode, suggested in the Despatch, of providing the means of extending elementary education among the Masses of Bengal, would involve the injustice and absurdity of abstracting from the Agricultural Population alone, the means of providing not only for the education

of their own families and dependants, but also for the education of the families and dependants of their more wealthy neighbours, the fundholders and the capitalists generally

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(Signed) E MACNAUGHTEN.

Dissent by SIR E PERRY

The questions at issue between the Supreme Government of India and the Government of Bengal, are,

1st Whether it is a breach of the engagements made by Government at the time of the Permanent Settlement, to subject the Zemindars of Bengal to Special Taxation in addition to the General Taxation that may be imposed upon them in common with the rest of the community

2nd Whether it is expedient to impose on the Landholders of Bengal a Special Cess for education, assuming it to be just to impose a Local Tax on them for any special object

I object to the Despatch of the Secretary of State, because, even in its modified form, it seems to decide, and, I believe, does decide, that there is nothing in the language or promises of Government in 1793 to preclude the present Government from levying Local Taxes in Bengal for Local Objects

I have come, reluctantly, to the conclusion, after many struggles and attempts to draw fine distinctions in support of a different view, that the language and acts of Lord Cornwallis, and of the Members of Government of his day, were so distinct, solemn, and unambiguous, that it would be a direct violation of British faith to impose Special Taxes in the manner proposed

At the time of the Permanent Settlement one-third of Bengal was said to be a desert inhabited only by wild beasts, and the great policy of Lord Cornwallis was, by fixing the public demand on the Landowners for ever, to create such a valuable property in land as should induce them to lay out their capital, and so increase the national wealth

The foundation of the Settlement was that Landowners should pay to Government ten-elevenths of the rack-rent or land assessment, and should retain the one-eleventh, and also anything over and above which they could get out of the land as the fruit of their own good management and industry, which they were to enjoy, exclusively, for themselves

The ten-elevenths so taken by Government was, as has continually proved to be the case under the British rule, a larger amount than the land could bear, and it stands on record that the majority of the Zemindars soon after the Settlement, were sold up as paupers

Any proposition, therefore, to tax the Zemindars for local objects soon after the Permanent Settlement, would have been scouted by all, as impossible, and, if it is attempted now, 80 years after the Settlement, the idea has only arisen in the mind of Government, because the Zemindars, by their capital, their "good management and their industry," have reclaimed the jungles of Bengal, and made it one of the most fertile and productive Provinces on God's earth

At the time that these distinct promises were made to the Bengal zemindars, it was foreseen that a period might arrive when the embarrasments of Government would require further sacrifices from the Landowners of Bengal to the Imperial Treasury, and Mr Law, brother to the first Lord Ellenborough, proposed that provision should be made for such contingency, but it was unhesitatingly rejected by Lord Cornwallis's Government as fatal to the object of the whole Settlement

These views as to the meaning and sanctity of the Permanent Settlement, have been universal in Bengal, up to the present day. If any one will read the speeches of the Bengal Zemindars at their meeting to denounce a compulsory Education Cess for Bengal (speeches, I may observe, which, though delivered in a foreign language, would have done credit both for good sense and good feeling, to any meeting of Country Gentlemen in England), he will find they are unanimous in considering that public faith will be broken if Local Cesses are imposed by Government

So far as I can ascertain, the Bengal Government represents the opinion of all Bengal officials in support of the same view

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SIR E. PERRY
14th May 1870

In 1854, Lord Dalhousie, a man of no weak will, was most desirous to impose a Local Tax in Bengal for the maintenance of an improved police, but after reading Sir Barnes Peacock's masterly exposition of the pledges which Government had entered into in 1791-93, the great Proconsul was compelled to accede to the soundness of the Chief Justice's argument, and, most reluctantly, abandoned his projects.

Here, then, we have the plain language of Government, the *contemporanea expositio* of its frameis, the unanimous conviction of the people, and the declared acquiescence of the State in the justice of the popular interpretation during a period of 80 years.

What is the answer attempted to this state of facts?

The Government of India allege that the language of the Permanent Settlement itself, in Act VII of Lord Cornwallis, Proclamation, is large enough to enable them to impose the taxes in question, but this argument, on close examination, proves so utterly unsound that the Secretary of State abandons it.

Two other arguments are brought forward 1st That the imposition of the Income Tax proves that taxes, additional to what zemindars pay as land assessment, may be imposed on them, 2nd That Educational Cesses have been imposed over most parts of India, in addition to the land assessment, and that Bengal is as well able, is, in fact, better able, to pay this increased Cess than any other Province in the Empire.

As to the Income Tax, it cannot be considered sound logic when the meaning of particular pledges is in question, to argue that, because a despotic Government has, on one occasion, without consulting the people, construed these pledges in its own sense, that act of the Government is a proof that their construction is right and just. But argument on this head may be withheld, because I understand that both the Bengal Government and the zemindars acquiesce in the proposition that, in any great emergency, they are justly subject to all General Taxation which is imposed on the rest of the Community.

With respect to Cesses additional to land revenue having been imposed in other parts of India, I am compelled to observe, that, in my opinion, the Secretary of State has not interpreted the facts correctly, and that the exposition of the Lieutenant-Governor of Bengal is the true one.

All questions connected with the Land Revenue of India are so complicated, and so much local knowledge is required to discriminate the various systems in force, that I could not establish my views without going into much greater details than would be here suitable.

I will content myself with saying that I believe the true explanation of Local Cesses for education to be this, wherever they have been levied, they have been so either where Settlements for terms of years were under discussion, and when the "higgling of the market" between the Revenue Officer and the Landowner was going on, or, if the settlement was already made, the Cess was imposed with the acquiescence of the landholder.

I read in Council during the late discussion, the statement of an Official, that when such a Cess was imposed in the four Permanently Settled Districts of Benares, it was so with the distinct assent of the Landowners, I do not believe it has been attempted in any other Permanently Settled District in India.

The Bombay Act of 1869 is much relied on as a procedure for imposing a Compulsory Cess on lands under settlement, and for imposing it on persons who could, possibly, have had no previous notice of the intentions of Government, such as Inamdars, or the Grantees of Government lands.

With respect to the Landowners under settlement in Bombay, I consider that they fall completely under the two heads I have before mentioned. Ever since 1837, new settlements for a term of 30 years of a most beneficial character to the cultivator have been in the course of formation, the intentions of Government to add something to the assessment for local purposes have been made known, and the acquiescence of the people has been obtained.

As to the grantees of Government lands, who, of course, would not have had any such notice, I never before heard it alleged by any one, that such grantees could claim greater immunity from taxation, whether General or Local, than the Dukes of Bedford and Grafton, or other grantees of Crown lands in England, and I conceive that there is no real analogy between such inamdars and cultivators who have settled with Government for a certain fixed rent or jumna.

On the question of the expediency of imposing an Education Cess on the land in Bombay, I will only say, as an old educationist, (having been at the head of the Bombay Board of Education for 11 years), that I believe that progress will be much greater, and more pecuniary support will be obtained from the Zemindars by continuing the present system, than by laying on them an Education Cess

The 14th May 1870

(Signed) E. PERRY

Dissent by SIR F. CURRIE

I dissent from the despatch which finally passed Council on Thursday last, the subject of which I consider by far the most important that has ever come under the consideration of the Secretary of State in Council, and the decision that has been come to, likely to be attended by the most serious results. I concur with Sir E. Perry in the observations recorded in his Dissent, both as to the conclusion, and the value of many of the arguments by which that conclusion is supported. The fact that the Zemindars of the North-Western Provinces, the Punjab, Oudh, &c, voluntarily agreed to a Cess above the land assessment, at the time that the engagements for that settlement were concluded, and when the Government was making a very large remission of its legal and constitutional demands in their favour (which circumstance was urged upon them to induce them to agree to the Cess) is surely not a precedent which can justify the Government in imposing a compulsory "public Demand" on the holders of the land in another Province in which the Settlement was concluded 80 years ago, with no such remissions, and when a solemn Act of the Legislature promised and declared that no public demand in addition to that Settlement should be made on them, as an incident to their holding that land for ever.

Again, the argument drawn from the imposition of the Income Tax by Lord Canning's Government is brought forward, in many parts of the despatch, as establishing the legality of imposing a tax on the holders of land in Bengal. Whereas the Income Tax was not laid on these landholders as an incident of their holdings, it was an universal tax on all classes and all persons possessing incomes, and it was, as is stated in this despatch (para 4), "made upon them" (the zemindars) 'only in company with the rest of the Community, and with no exclusive reference to the source from which their income was derived.' Surely, this is no sound and valid argument for the legality and justice of imposing a public demand on landholders alone, as an incidence of their holdings—a measure which para 19 decides to be legal, and no breach of the Permanent or any other settlement engagement.

Sufficient attention has not been paid in the discussion of this question, to the peculiar and exceptional relation in which the Government of India stands to the land in India. There is little or no analogy, as I pointed out in a paper which I recorded on the Punjab Tenancy Act, between the zemindar, lambar-dar, malik, or talookdar, or whatever the person who engages for the Government revenue may be called, and the holder of a freehold estate in England or elsewhere. It is stated in this despatch, as a plea for levying Cesses for roads, education, &c, on the zemindar, that certain obligations and liabilities attach to the possession and enjoyment of land everywhere. This I entirely admit, but this involves at once the consideration of who is really in the possession and enjoyment of the land in India. Now, in every estate and holding of every kind in India, there are two parties interested, one, the Government, entitled by the law and constitution of the Country to 90 per cent of the net produce or rental of the whole land, the other, the hereditary zemindar, entitled to the remaining 10 per cent, which includes the cost of management and collection of the rents (upon this basis the Decennial Settlement was made in 1783 which Settlement was declared Permanent and Fixed for ever in 1793). Now, the question arises, to which of these two parties do the obligations of the landholder attach? To the former, who enjoys 90 per cent of the produce, or to the latter, who receive 10 per cent? The answer, I think, must be, to the 90 per cent receiver, not to the 10 per cent manager. To this argument, when adduced by me in Council, no answer was suggested. In fact, though the general argument of the despatch endeavours to fix these

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territorial obligations on the zemindar, it seems to be admitted in para 4 that they do really attach to the Government, and the plea that they cannot be met by the "Imperial Revenue" is that those Revenues of which they ought to be provided are exhausted in our State expenditure. This latter fact I do not dispute it is a very cogent one for inquiry, the adoption of retrenchment and economy, and strenuous endeavours to ameliorate our financial condition by legitimate means, but it cannot justify our laying a Special Tax exclusively on the Zemindars of Bengal, to do which Sir Erskine Perry's paper shows conclusively would be a breach of faith and the violation of the positive statutory engagement made with those zemindars at the Permanent Settlement

The 16th May 1870

F CURRIE

Dissent by SIR H E MONTGOMERY

I am unable to concur in the despatch which passed Council on the 12th instant, replying to that of the 31st December 1869 from the Government of India

Without admitting the claim of the Zemindars of Bengal holding under the Permanent Settlement to exemption from taxation, to which all other classes of the community are liable, it cannot be denied that, with the promises given at the time of that Settlement, and subsequent declarations made to them, some grounds exist for the claims advanced

A Government should not, in my opinion, voluntarily place itself in a position laying it open to be charged with a breach of faith. It should rather avoid any measure which would be so held in the estimation of its subjects specially interested

But, irrespective of this important point, I look upon the imposition of an Educational Rate in Bengal as a retrogressive step in the cause of education

Without the hearty co-operation of the Zemindars, any attempt to force education on the masses would, I believe, be futile

To promote the great object we all have at heart, we must carry the people with us, we must not place them in antagonism at the very commencement of our measures, and we must not forget that it is now proposed to introduce into Bengal a measure not yet actually in force in enlightened England

The advance of education in Bengal since 1854 has been greater than was ever anticipated, and the Lieutenant-Governor of Bengal states that a large voluntary contribution towards its further extension could be raised, exceeding probably what a forced rate would yield

Sound policy would seem to point out this as the course to be pursued, that carrying the Landholders and their dependants with us must be more efficacious than meeting their opposition at every turn, and fostering in their minds the idea (however well or ill founded) that their Rulers are breaking faith with them, under the specious plea of doing what they assert to be for their ultimate good

It has been urged that the objections to an Educational Cess are equally applicable to a Cess for Roads, but the formation and repair of roads, such as they have hitherto been, has always been a recognised duty on the part of the holders and cultivators of land. The burthen on these people is not new, the benefits to them of Improved Communications are immediately apparent and willingly provided for, while in the case of Education the benefits would be remote, and are not as yet sufficiently appreciated by the people to induce assent to extra payment for its maintenance. It would, I submit, be wiser and safer to look, with some degree of reasonable patience, to the advance of education with existing means, and to stimulate the voluntary exertions of the Heads of Native Society in that direction, in place of drying up all voluntary sources and proclaiming the right of the Government to exercise a questioned power (arbitrarily declared by itself) of enforcing taxation, which will certainly cause distrust in our rule, and, in all probability, defeat the object in view, by creating opposition on the part of those without whose aid really successful results will not be attained

The 18th May 1870

H E MONTGOMERY.

Dissent by H T PRINSEP, Esq

Dissent from the despatch passed on May 14th, on the subject of the levy of Rates for Education, and for Roads on the holders of property in land, in Bengal, Behar and Orissa

CHAPTER XV
MR H T PRINSEP
19th May 1870

I have never felt so deeply grieved and disappointed at a decision given in opposition to my expressed opinions, as when it was determined by a casting-vote to approve and forward the despatch referred to at the head of this paper, for I regard the principles laid down in that despatch, to be erroneous, and the avowal of them to be unwise, while the policy inaugurated, and the measures sanctioned, will, if attempted to be carried out, alienate the entire population of India from the Government, and shake the confidence hitherto felt universally in its honesty and good faith

The question before the Council may be thus briefly stated

The public officers and authorities of India have, within these last few years, sought to levy a Rate for Roads and for Education, to be collected along with the Land Revenue. In several new settlements of the Punjab, the Western and Central Provinces, and more especially in Bombay, the condition of the payment of such a rate in excess of the jumma on Land Revenue was made part of the engagements entered into with zemindars, and this was not disapproved when the settlements came to the Council of India for confirmation, but, when a desec was shown to extend this system by levying a similar Cess in Districts, and upon estates which had been already settled, and the engagements for which contained no stipulation to the effect, nor notice of any intention to levy such a Cess hereafter, it was distinctly declared more than once, both by the Government of India and by the Secretary of State in Council, that such a levy would not be warranted, and would be inconsistent with such engagements. nevertheless, the Local Authorities in several instances, especially in Bombay, by the exercise of influence, procured rates of the kind to be submitted to, even when not included in the Settlement Engagements, and encouraged by this, the Bombay Government, in the course of the past year, passed a Local Act empowering it to enforce such a levy as well upon the holders of revenue lands as upon Inamdars and other holders of rent-free lands, whenever, and wheresoever, it might deem it expedient to do so. This Act was submitted, in the usual course, for the sanction of the Secretary of State in Council, and was allowed to pass into operation, no special reference having been made on the subject of it, and to the fact of its being in contravention of the instructions before issued, and of the principles laid down on the subject, by the Home and Indian Authorities. The fact, therefore, of this Act having been so allowed to pass is no evidence of any change of opinion on our part

But the Government of India had, evidently, changed its views. In the beginning of this year, it was suggested to the Lieutenant-Governor of Bengal that a levy of 2 per cent should be made along with the Land Revenue, and in excess of it, upon all the malgozars of Bengal, Behar and Orissa, for the purpose of providing funds for the Education of the Mass of the population, and likewise to provide Roads of Communication through the Country. The Lieutenant-Governor protested against this measure, pointing out that such an extra levy would be in direct violation of the pledges and promises given in the Proclamation of Lord Cornwallis issued in 1790, which declared the Settlement made in the previous year to be perpetual, and subject to no increase whatever, on any account. The Government of India, admitting apparently the force of this objection, directed that the Cess should be levied as a 2 per cent rate upon every class of persons who derived an income from land. The Lieutenant-Governor had stated that roads stood on a somewhat different footing from a general scheme of education, and that the parties connected with land might, perhaps, be brought to submit to a scheme to provide for them by a Local Rate. The Government of India, therefore, directed this part of their original order to be, forthwith, carried out, and the correspondence has been referred to us with a specific request of the Viceroy in Council to be informed whether we coincide with them in opinion, "that it is the duty of the Government of India to insist on the levy of Special Rates and Cesses for purposes as well of general education as for providing roads in the settled as well as in the unsettled portions of British India, the pledges and promises made to the zemindars at the time when the settlement of Bengal was declared perpetual, notwithstanding"

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 MR. H. T. PRINSEP
 19th May 1870

To this reference the despatch passed at the last meeting of Council replies, "That rating for local expenditure is to be regarded in all the Provinces of the Empire as taxation separate and distinct from the ordinary Land Revenue, that the levying of such Rates upon the holders of land, irrespective of the amount of their land assessment, involves no breach of faith on the part of the Government, whether as regards holders of permanent or of temporary tenures, and that, where such rates are levied at all, they ought, as far as may be possible, to be levied, equally, without distinction and without exemption, upon all the holders of property accessible to the rate."

There is but one meaning that can be attached to the words above quoted, and that is, that the malgozars of the Perpetual Settlement, and all other persons drawing a revenue from land, that is to say, then under-tenants, down to the jumabundee ryots, are all liable to any rate whatsoever that the Government may think it expedient to impose for any purpose that it may deem beneficial. The use of the word Local Rating might lead the unwary to suppose that it was only a scheme of Rating for Local Purposes, such as prevail so generally in England to meet the requirements of a County or Municipality, that is to say, that those who lived upon the land were to assess themselves, levy the rates assessed by their own officers, and manage likewise the expenditure. But this is far from what is intended, as is evident, as well from the correspondence, as from the tenor of other parts of this despatch. In para 26, for instance, it is stated "that the growing wealth of the Country must be made accessible to such demands as arise, from time to time, out of the duty and the necessity of our applying to its condition the knowledge which belongs to a more advanced civilization than its own." And, again, "we are spending the Imperial Revenues of India, conscientiously, for the good of its people. If there are some great improvements in their condition which we cannot afford to undertake, we must not be precluded from throwing the cost of such improvements upon those growing resources of which we heartily desire to see that people in the enjoyment, but which are due in a great measure to the Government we provide."

The proposition we have before us is, to levy, generally, a tax of 2 per cent upon all incomes derived from land in Bengal, Behar and Orissa, to assess this tax by the officers of Government, to collect it afterwards into the public treasury through them, and to hold it applicable to such purposes and in such manner as the Government may direct, without any reference to the wishes or ideas of the population. Direct taxation of any kind is nothing more than a forced contribution. The exigencies of the State may be so great as to compel resort to such a means of supplying its Treasury. If a Government does so by legislation, no one can deny the legality of the Act, or escape the penalties by an argument to prove that the exigency was not such as to warrant the levy. But there are limits to what a Government may do, even by legislation. It might pass a law that outrages common sense and runs counter to all the established ideas and principles which prevail as to what a Government may, and ought, to do. Every Government, for the sake of its own interest, if for no other reason, is bound to avoid the risk of people, beginning to consider whether it is not then duty to resist. It is on this ground that I would urge the Secretary of State and the Council to consider how far it is proper to proclaim a policy of unlimited direct taxation at the arbitrary will of the Government, for any purposes it may consider beneficial. The Income Tax imposed by Mr. Wilson in 1861 is not a precedent to encourage the belief that the Government may, safely, exercise this arbitrary power. In that case, Mr. Wilson made a statement of the extraordinary emergency created by the exertions and expenditure required to suppress the Mutiny of the Bengal Army. Everybody, throughout India, was sensible that the case was one entitling Government to an extra aid from its subjects to meet it. He only asked for the tax for five years, and it encountered only the passive resistance of people habitually unwilling to part with their money. But here is an aid required for Education and another for Roads. Where is the limit to which expenditure may go on both these objects? Trunk Roads may include bridges over such rivers as the Hooghly and the Ganges. The principle would include railroads that prove not remunerative. It is proposed by the Government of India to extend the same principle of a forced levy to extravagantly expensive canals, in tracts where the people are not prepared to recognise the urgency of their want.

I protest, therefore, against the assertion of any such claim to the right of arbitrary taxation by direct taxes which, as I have said, are in the nature of a forced contribution, and will be sure to be so regarded by the population.

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MR. H. T. PRINSEP
19th May 1870

But whether or not it would be justifiable to levy a general tax on the community for the purposes of Education and Road-making, the levy of such a tax arbitrarily, under the name of a Local Rate, upon all who derive an income from land in Bengal, Behar and Orissa, and there only, is objectionable on other and yet stronger grounds.

In order to make such a levy, you must make a new survey and detailed inquiry into the condition and holding of every acre in the Country, for you have no materials in any public office or institution upon which to lay the assessment. The expense of such a survey and investigation would eat up at least ten years of the 2 per cent levy. And could such a survey be instituted without the Zemindars regarding it as preparatory to a distinct addition to the rent or jumma settled with them, for ever, as the amount to be taken by Government for its purposes? To them the Rate or Cess, call it by what name you will, would be an *abwāb* of the specific kind that the Proclamation of Lord Cornwallis assured them against being ever called upon to pay. It would be no answer to them to say, "You are not the only persons who will have to pay, your under-tenants, your ryots, will also be called upon." "How will this alter my case?" he will answer. "If you take from them also, you will diminish their power of paying my rent." He will appeal, therefore, to the letter and spirit of the Proclamation of Lord Cornwallis, which assured him against any further demand of Government on account of his land for ever. That Proclamation and the assurances it gave, were not the mere act of the Government of the day—the Court of Directors, the Imperial Government, and Parliament were all parties to the resolution to fix the Government demand upon the land of the Provinces then held by the East India Company in Bengal, in perpetuity. It was the policy advocated by Sir Philip Francis and Edmund Burke, and all the Statesmen of that day united in applauding the Act of Lord Cornwallis, which carried it out. It is 80 years now since the Proclamation in question was issued, and, in the whole course of that long period (for 60 of which I have been connected with the Administration and Government of India) it has never, once, been proposed, in times of the greatest financial exigency, to call upon the malgoozars of Bengal for a single rupee on account of the lands they held, beyond the jumma settled upon each estate, in 1789.

The traditions of this period are now forgotten, and new ideas are about to be introduced into the Financial Administration of India, which I should be sorry to think are likely to be attributed to the change of Government which took place 12 years ago. The right of unlimited and uncontrolled taxation is, always, a dangerous one to assert, and who would have expected that this policy should be advocated, and such arbitrary powers claimed, by a Queen's Government?

It is true that, at the close of the despatch, the Government of India are directed to use great circumspection in the resort to this plenary power of direct taxation for any purposes they may deem beneficial. The caution thus given has been much strengthened by the introduction of words referring to the present as a most inauspicious time to inaugurate such a policy, because of its having been resolved to impose a heavy general Income Tax to cover a deficit of means to meet the ordinary expenses of the Empire. It may be hoped that this will lead to the abandonment, at least for the present, of the intention to levy the proposed Educational and Road Cesses. This hope has, no doubt, influenced the votes of several Members of the Council who, before, on two occasions, formed part of the large majority by which it was determined to disapprove the policy altogether. I should myself have been well content with a Despatch avoiding the question of justice and right, and forbidding the further prosecution of the measures contemplated, on the grounds of inexpediency and inopportuneess. But, as the despatch adopted, broadly, asserts the right, and approves the policy which I deem very pernicious, I feel myself bound to place on record my strong protest against it.

(Signed) H. T. PRINSEP

19th May 1870

The despatch which passed the Council on the 12th instant, respecting the imposition of a Cess on certain classes of the people of Bengal for purposes of Education, differs so slightly from the draft which I took a part in discussing and to which I objected on the 2nd idem, that I desire to place on record my opinions upon that subject.

I am impelled to take this course, not only by the strong sense which I entertain of the extreme importance of the Measure in contemplation, but because I see reason to apprehend, from the spirit of the correspondence of the Supreme Government with the Lieutenant-Governor of Bengal, that the ambiguous and undecided tenor of the despatch under review, may encourage that Government to press forward the Measure in question, without due regard to the special circumstances of the times, and to the consequent temper of the people upon whom it is proposed to lay the impost. I will not stop here to discuss the question whether it be wise to relax the efforts, which have now been exerted for many years, to afford education of a high description to the Upper Classes of the Natives of Bengal, in the expectation that, as has been the case in all other lands, the light of knowledge would radiate, from them, to the great body of the people, in order to attempt the novel experiment of directing the principal endeavours of the Government to the Education of the Masses. It may be—and I hope it may so prove in practice—that the circumstances of India, under British rule, are so exceptional, that this reversal of the normal course of things may lead to a successful issue. But I fear that we must regard as certain, that the imposition of a Compulsory Cess for the purpose in question, will so disgust those who have already been found willing to furnish pecuniary aid towards the education of their poorer countrymen, as to induce them to withdraw their contributions to that end.

The regret with which I regard what I have called the “ambiguous and undecided tenor” of the despatch, is the greater, because I am satisfied that the views of the Secretary of State and of the great majority of the Council might have been brought into accord, and an explicit answer given to the reference from the Government of India in language less capable of being misunderstood. All here, I think, were agreed that the pledges given by Lord Cornwallis absolutely forbade the imposition of a novel Tax, Cess, or Rate (call it by what name you will) upon the Zemindars of Bengal *alone*, for any purpose whatever, and this not the less because the Lieutenant-Governor of Bengal has weakened his case, and destroyed the logic of his argument, by agreeing to the imposition of such a Cess for the construction of Roads. And all, or almost all, I believe, would have consented to the imposition of a Rate for either or both purposes, provided it were assessed upon all rateable property, by whomsoever held.

Surely, it would not have been difficult to have secured the advantages of unanimity at Home, and to have averted, at the same time, the danger of misapprehension, in India, by the plain statement of a broad principle of action grounded on these two considerations. The Government of India would, thus, have been instructed to steer a course which, although certainly open to, it may be, honest misconstruction on the part of those subjected to the novel imposition, would, at any rate, have been fairly defensible, on solid grounds, by the advocates or defenders of the Measure.

Now, it appears to me to be very doubtful as to what length the Government of India may feel themselves justified in going, under the sanction of the despatch just sent. They may, I fear, be encouraged to take steps which may lay them, justly, open to charges of a breach of solemn promises. Unguarded action may destroy, in a moment, the credit which the British Government has won, by its honorable persistence, for a period little short of a century, in the unbroken observance of its pledges, such a price would be too dear to pay for even an object so valuable as the Education of the Masses. We have no standing ground in India, except brute force, if we ever forfeit our character for truth.

There is one other consideration to which I attach great importance. I do not see that, in the despatch, any sufficient warning is given to the Government of India as to the proper time for imposing any novel Cess, and I fear, from the heat with which they have pressed the Measure upon the Lieutenant-Governor of Bengal, that a sufficiently thoughtful forbearance may be wanting in its

execution The imposition of a Cess of 2 per cent upon the back of an Income Tax exceeding 3 per cent, would, most assuredly and naturally, be irritating, in the extreme, to every person subjected to it I hope and trust that the Government of India will hold its hand, and wait for a more convenient season, but, in my judgment, it was our duty not to have relied upon them for bearing, for this discretion We should have told them to wait for happier times, in a fiscal point of view, and have thus freed the Home Government from responsibility for any rash proceeding. The temper which the Educational Income Tax has aroused may, perhaps, be a sufficient warning But we should have better discharged our duty if we had, ourselves, sounded the note

(Signed) ROSS D MANGLES

London, 25th May 1870

Dissent by SIR F J HALLIDAY

Despatch of the Secretary of State for India in Council, in the Educational Department, No 5, dated 12th May 1870

In considering the above despatch, the following circumstances should be borne in mind

Fifty years ago, no attempt had been made to leaven the Native mind in India with the science and literature of Europe, and, during the next 15 years, such measures as were adopted for that purpose were crude and ineffectual

In 1835 the genius of Macaulay, and the wise determination of Lord William Bentinck, established the system now in force in Bengal, by which the Fund available for education, necessarily very limited, is applied to the complete education and enlightenment of a gradually increasing few, with a view to the ultimate spread of education, through then means, among the many, by the transfusion of the knowledge of the West into the vernaculars of the East, for which, from time to time, assistance is carefully provided This system had, in fact, been recommended by the Home Government so far back as 1829, and it is that by which the diffusion of general enlightenment has, as a matter of historical fact, been attained throughout the civilised world

Of this system, which has now been 35 years in operation, the ultimate success was, always, certain But the rapidity of its progress has far outstripped expectation From the Higher Classes, education soon spread, until it has become almost universal among the middle ranks, and it is now, speedily, and surely, tending downwards towards the lower orders of the people An enthusiasm for education has been excited, and a fashion has been created By the extension of a high degree of acquirement among those who seek public employment, the Administration has, largely and remarkably, benefited, and the standard of public morality has been manifestly raised Every educated man has proved a missionary of education in his neighbourhood, and among his dependants, and every considerable landholder vies with his neighbour in establishing and fostering Village Schools, until, in 1869, one-half of the whole State expenditure for vernacular education was met by private subscriptions and contributions from a people who, only a few years back, could by no means have been made to comprehend the value of education to themselves, still less the obligation of extending it to their inferiors Assuredly the fruits of the great Measure of 1835 are, already, amply visible, the wisdom and foresight of its authors are strikingly vindicated, and the condition of national education in Bengal, though far, indeed, from perfection, is yet abundantly gratifying in the present, full of safe and happy augury for the future

Things being in this position, the Government of India suddenly declared that they were entirely dissatisfied with the system and its progress, nay, that they "could no longer bear the reproach of continuing it"—the reproach, that is to say, of continuing in the footsteps, and sharing in the success, of Bentinck and Macaulay They could no longer wait for the end, but must have education forthwith thrust upon "the Masses," without any reference to the presence or absence of that intelligent co-operation of the better Orders, without which no such enterprise has ever been attempted by Statesmen in any Country of the globe And, since the expense of this scheme must be enormous, and the public exchequer could give no kind of aid, they directed that the whole charge,

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SIR F. J. HALLIDAY
12th May 1870

amounting certainly to many millions sterling, should be thrown upon the Zemindars of Bengal, by a rate of not less than two per cent upon their gross rentals. The particular plan recommended was one devised by a Missionary of well-known zeal and energy, but, unfortunately (as had become notorious in connection with the recent indigo disputes), of a degree of prudence and worldly wisdom not equal to his good intentions.

The Zemindars remonstrated strongly. They admitted the necessity for a gradual extension of knowledge among the people, but they could not understand why it was to be done, all at once, and forced, immediately, upon the very lowest in the scale. And, herein, they said their views did not seem to differ from those current among English Country Gentlemen, only a few years ago. They pleaded the distinct and solemn promises of the Permanent Settlement of 1792, when Lord Cornwallis had exhausted the resources of language to assure them that the rate then assessed on their lands was "irrevocably fixed for ever," and that they should, in all future time, be free from "any further demand of rent, tribute, or any arbitrary exaction whatever." These great national pledges, they urged, had been scrupulously adhered to in many financial difficulties, and under all changes of Government, from Cornwallis to Canning, and could not now be broken, without a deliberate abandonment of pledged national faith. They complain of the startling injustice of singling out one Class of the Community, the landed Proprietors, and laying a Special Tax on them for the benefit of everybody else. But if such taxation were judged really necessary, they were ready, they said, to bear their share of it with all other Classes of the Community, as they had already done in the case of the Income Tax.

All the official persons of the Province, who were consulted supported these remonstrances, and the Lieutenant-Governor of Bengal transmitted them to the Government of India, and enforced them with a powerful and, as I think, unanswerable, argument. But the Government of India was unmoved, and declared in reply, that it was resolved to persevere in its determination.

This correspondence has now come before the Secretary of State in Council, and it appears to me that the despatch, which it has been resolved, by a very narrow majority, to send to India in reply, does not give, especially on the momentous question of the alleged violation of the Permanent Settlement and on the objections of the Zemindars generally, such a clear and unambiguous decision as the latter have a right to expect.

First, as regards the pledges of the Permanent Settlement, the despatch, after setting aside as irrelevant the chief argument relied on by the Government of India, and after intimating to that Government that they had entered on this serious dispute "without adequate attention to some most important facts," goes on to affirm that the right to impose this new tax on the zemindars in the face of the promises of the Permanent Settlement, "had been already ruled and decided in the case of the Income Tax" which is as much as to say that because, in 1860, a General Tax was, temporarily, imposed, affecting all classes, therefore a Special Tax may now be permanently levied on one class only, although that class has been solemnly assured that no new tax and arbitrary exaction shall ever be laid upon it.

But this reply, which will seem to the zemindars of Bengal curiously inconclusive, will also be felt by them as peculiarly irritating and offensive. When the income tax was first imposed in 1860, the Zemindars of Bengal were disposed, not without very plausible reasons, to object to it as an infringement of their Settlement, but they soon gave up the point, and accepted the advice and example of the greatest of their body, the Rajah of Buidwan, who, in a remarkable letter to the Legislative Council, announced that he would set an example to his fellows of submission to the income tax, because it was levied after the great Mutiny of 1857 to supply deficiencies created by "crushing the late Mutinies, and thus preserving the property, lives, and honour of the zemindars," and because it was "levied equally on all classes."

That this well-timed and patriotic declaration should now be turned against its author and his brother zemindars, as a reason for setting aside the plain terms of the Permanent Settlement, and imposing upon them a Special Tax, of which other classes not connected with the land are to bear no share, cannot prove otherwise than, severely and undeservedly, grating and painful to their feelings.

Second, as regards the injustice, independently of all promises, of saddling this Special Tax on one Class of the Community, namely, the class connected with the land and no other, I do not see that any answer is attempted, in this despatch, to the very reasonable remonstrance of the zemindars, who have, at all events, Macculloch on their side*. In England, no doubt, owing to causes peculiar to that Country, and absolutely non-existent in India, some public obligations are, exclusively, laid on land, but I have not heard that the English zemindars are particularly tolerant of them, and, certainly, if the law in England treated land in all respects as a chattel, if no special advantages, political and social, attached to its possession, above all, if the English Government took, as a tax, 90 per cent of the rent, as was attempted in Bengal by the Permanent Settlement in 1792, or from 50 to 70 per cent, as is now done in other parts of India, I apprehended we should find the landed interest in England, at least, as little inclined to be singled out for exclusive taxation (say, to be charged with the whole expense of all Primary Schools) as is, at this moment, the landed interest in Bengal.

It is intimated in this despatch that what it is now proposed to do, in Bengal, has been done "in the North-Western Provinces, in Central India, in Oude, in Seinde, and throughout the Presidency of Bombay." The argument of the Lieutenant-Governor of Bengal has, to my mind, conclusively disposed of this fallacy. It has, indeed, hardly the semblance of a foundation. The Government has always, in the Provinces above named, acknowledged the obligations arising out of its joint ownership by sharing with the zemindars the burthen of all Local Cesses†.

So liberally has this been done, that it might plausibly be said, and has in fact been said, that the Government pays the whole Cess and not the zemindar. Nay, in the case of the North-Western Provinces, this was declared by the Government itself‡, viz., that the Cess was defrayed not by the "landowners, but out of the share of the rent which has always been the admitted right of the State." For which reason it was further announced, "no claim to any control or management of the Funds on the part of the zemindars could for a moment be sustained."

In the Shahabad District of Behar, the zemindars, at the time of the Settlement, agreed to pay a Cess of one-half per cent on their jummas for roads, provided the Government would pay another half, and this has been done ever since.

In the Permanently Settled Districts of Benares, the Zemindars were, not long ago, persuaded to agree to a Special Cess for Education, but no attempt was ever made to impose it without their consent.

In Madras no Cess is levied but by the voluntary act of the people.

In all the other Provinces named (but one) the Cess is imposed, but only at the time of making the Settlement, and never after it is made, as it is now proposed to do in Bengal. The knowledge that the Cess is to be imposed, notoriously affects the amount of the Government share when the settlement bargain comes to be made, and whatever is taken from the Zemindars, is taken with their written consent.

In Bombay, the only exception to this practice, the rule of making a Cess before and not after the Settlement, was very strictly prescribed by the Government of India and by the Secretary of State, Sir Charles Wood, and Sir John Lawrence went so far as to record his opinion that to levy such a Cess after the Settlement had been made (the very thing now proposed in Bengal), would be looked upon as "a breach of faith."

Despatch to Secretary of State, 22nd February 1867

Secretary of State in reply, 24th May 1867

Somehow or other, notwithstanding this, the Government of Bombay passed an Act last year, apparently, if not actually, in opposition to these pointed instructions. It is the only part of India in which such a thing has been attempted, and it has not been long enough in operation to show whether the people there will fulfil Lord Lawrence's expectations, by denouncing it as a breach of faith. But I think it to be lamented that this singular and exceptional proceeding of the Government of Bombay, in defiance of precept and precedent, should be dwelt upon in this despatch as a good, and, indeed, the chief reason for doing the like elsewhere, especially as paragraph 17 may, well,

* "It is at all events clear that, wherever a right of property in land is established, an attempt to impose peculiar taxes on its owners would subvert every principle of justice"—Macculloch on Taxation

† See Howell's Report on Indian Education for 1868-69

‡ Government Order, 14th July 1866

CHAPTER XVI, OR ADDENDUM TO CHAPTER II

MR S LAING'S SCHEME

PUNJAB

Extract from a letter from the Secretary to the Government, Punjab, to the Secretary to Government of India, Financial Department, No 568, dated 5th April 1861 CHAPTER XVI

* * * * *

PUNJAB

I am now to detail the taxes by the imposition of which the Lieutenant-Governor would propose to "raise a local revenue wherewith to supplement any deficiency of Imperial Assignments for Local Public Works" Local taxation to supplement Imperial Assignment for Local Public works

Tobacco tar—His Honor is prepared, with the sanction of the Supreme Government, to impose this tax. He reserves for the present his opinion as to the best mode of assessment. Tobacco tax

* * * * *

Extract from a letter from the Secretary to the Government of India, Financial Department, to the Secretary to the Government, Punjab, No 4439, dated 20th April 1861

I am directed to acknowledge the receipt of your letter No 568, dated the 5th instant, on the subject of additional taxation in the Punjab to provide for its Public Works expenditure in 1861-62

* * * * *

As regards the Local Taxes, His Excellency in Council approves of the Tobacco Tax in principle, and desires that His Honor the Lieutenant-Governor's scheme may be submitted, as soon as possible, in detail, to enable this Government to decide on it finally, and, if necessary, to cause it to be embodied in an Act of the Legislature

* * * * *

Extract from a confidential letter from R. H. DAVIES, Esq., Secretary to the Government, Punjab, to the Financial Secretary to the Government of India, No 812, dated 18th May 1861

III The License Tax has been assessed and registered for every village and town throughout the Punjab. It is calculated to yield about 6½ lakhs, or rather more than the sum which the Supreme Government propose should be raised by Local Taxation. The Supreme Government further declare their ability to dispense with the License Tax as a source of Imperial Revenue. In placing a certain portion of the burden upon Provincial Ways and Means, His Honor understands that, provided a tax is unobjectionable in principle, its selection will be left to the Local Government. His Honor then would ask for sanction to levy the License Tax, as it has already been assessed, and to defray with the proceeds thereof the cost of such public works as are excluded from the Imperial Budget. If this proposition be acceded to, the Lieutenant-Governor believes that there would be no necessity to put on the Tobacco Tax, or other impost. SIR R. MONTGOMERY

License tax

The License Tax, I am to say, might perhaps be more conveniently designated "a Tax on Arts, Trades, and Professions," payable by persons not subject to the Income Tax. Its graduation has been made, in the large cities, for the most part, by the people themselves. There will be no risk of oppression or difficulty of collection.

In conclusion, the Lieutenant-Governor desires earnestly to represent the importance of not disturbing the minds of the people by new fiscal measures without real necessity. We have introduced large measures of taxation involving important principles without any serious resistance, and His Honor strongly advocates a fair trial being given to them. His Honor will be prepared to collect the License Tax, on the receipt of a reply to this letter, and if there should be any divergence in his scheme from measures which the Supreme Government intend to promulgate, His Honor still trusts that he may be permitted to put in action those which he has framed, and which are ready for execution. It is important not to disturb the minds of the people by new fiscal measures without real necessity

CHAPTER XVI

MADRAS

MADRAS PRESIDENCY

No 4,* dated 22nd April 1861

From—T PYCROFT, Esq, *Chief Secy to the Govt of Fort St George*,
To—The Secretary to the Government of India, FINANCIAL DEPT

I am directed by the Governor in Council to acknowledge the receipt of your confidential letter under date the 16th ultimo, Financial Department, No 3059, and of copies of the despatches to the Right Hon'ble the Secretary of State which accompanied it

2 In this letter, after a review of the present financial condition of the Empire, and the probable Income and Expenditure for the official year 1861-62 about to open, the conclusion is arrived at, that assuming the utmost practicable reductions to be made, and taking credit for the proceeds of the Income-tax and License-tax, there will still remain a deficit of from one to two millions sterling

3 The means which have occurred to His Excellency the Governor General in Council as the best for meeting this difficulty are stated to be—

1st—A moderate increase of the Salt Duties

2nd—A transfer to the General Government of a certain portion of the allotments proposed to be given for Public Works, giving to the Local Governments, in exchange, powers of Local Taxation

In paragraph 31 of your letter, tobacco is primarily indicated as a subject for Local Taxation, but it is remarked that there are probably other subjects which will suggest themselves

4 With regard to Salt, you will have learnt from my telegraphic message of the 3rd instant that, immediately on receipt of your letter, orders were issued for raising the monopoly price of Salt in this Presidency by 4 annas per Indian maund

Tobacco tax is practicable in any other mode than that of a tax on Tobacco Licenses

5 In respect to Tobacco, I am to observe that credit has already been taken in the Budget Estimates of 1861-62 for Rs 2,51,000 on account of the Tax on Tobacco Licenses. In my letter of 23rd ultimo (para 10), Financial Department, it was noticed that the tax had not yet become law, and that the estimate of the revenue which it might be expected to yield could not be depended on. In regard to raising a revenue from Tobacco in any other mode, I have to solicit attention to Mr Secretary Bourdillon's letter, Revenue Department, 11th June 1859, No 774, and, to the report from the Board of Revenue, 21st April 1859, which it enclosed. In this latter paper the question of deriving a revenue from Tobacco was very fully gone into, and, in the opinion of this Government, it was conclusively shown that there were insurmountable objections against the realization of a revenue from that article, unless in the

(a) See particularly para 6, clause 1, of the Board's letter

shape of a tax on the shops where tobacco was sold, i.e., a License-tax, and that the produce of that tax would not be considerable. (a) Certainly not more, I am to add, than the sum, Rs 2,51,000, already assumed under that Head in the Madras Budget

6 The Madras Government also, although most anxious to give every possible assistance to the finances of the Empire, much regret that, while they cannot undertake to raise any revenue from Tobacco (beyond that entered in the Budget), they are, at the same time, unable to suggest any other subject of taxation, but, on this point, as well as upon the question of Local Taxation generally, I am instructed to request attention to the Minutes of the Hon'ble the President, the Hon'ble Mr Morehead, and the Hon'ble Mr Malthy, which are herewith transmitted

Minute by the Hon'ble the President

HIS EXCELLENCY
SIR WILLIAM
DENISON

The Financial Statement contained in the confidential letter from the Secretary to the Government of India, and explained more fully in a despatch No 16 of 5th February 1861, addressed to the Secretary of State, is calculated to create the most serious apprehensions as to the solvency of the Government. It would seem, from these documents, that, while the Revenue for the present year will fall short of the Expenditure to the extent of £6,678,000, there is no reason to believe that any great increase of Revenue will take place in the year 1861-62, while the diminution of Expenditure will not exceed 3 millions, so that, under existing circumstances, the Deficit of 6 millions and upward in 1860-61 will be increased by an addition of 3 millions and upwards in 1861-62

2 The only mode of meeting this state of things are—

1st—Reduction of Expenditure

2nd—Increase of Revenue

3rd—A combination of both

The first of these Heads is of far the most importance. It may be possible to draw from the Country a small portion more of its surplus Income, but, when we consider the extent to which taxation has already been pushed, when we see that exports are taxed as well as imports, and a check thereby imposed upon the industry of the people, when we see that the

* The receipt of this letter not being traceable in the books of the Financial Department, a copy has been obtained from the Government of Madras

ingenuity of financiers has been brought into action in order to discover modes by which money may be taken from the people and placed in the Treasury, and when we see that a very large proportion of the Revenue thus collected is employed for purposes in which we cannot suppose that the native population can sympathize, we cannot but feel that the prosperity of the Government of India and its hold upon the people would be more enhanced by reducing its Expenditure than by Raising its Revenue

3 I propose, then, to consider the statements made by the Government of India with reference to reduction of expenditure

4 In paragraph 6 of the confidential despatch it is said, "in the case of Madras these reductions (alluding to reductions in the strength of the military force) have been nearly carried out," and in the "other Presidencies they will shortly be completed" If, then, the reductions in the other Presidencies have been, or are about to be, carried out on the same scale as those in this Presidency, I think that there is good reason to hope that, by a searching investigation, such as the Government is about to institute in this Presidency, it will be found possible not only to save the 3 millions alluded to by the Government of India, but, by a reduction based upon sound principles, to bring down the Expenditure far below that exhibited in the Estimates for the Indian Army in the year before the Mutiny when the nominal strength of the Indian Army was, I believe, above 300,000 What the actual strength is at present, including the large number of irregular bodies raised since the Mutiny, I have no means of ascertaining, but, judging from the actual Military Expenditure I have a right to infer, after making every allowance for the greater proportion of European troops, that it is not far short of the number above stated If so, I must express my opinion that a very large reduction might be made in the numerical strength, without in any way impairing the efficiency of the Army or weakening our hold upon the Country I am aware, however, that these reductions are only prospective, while the evil with which we have to deal is pressing and immediate It will, therefore, be necessary to take some steps to increase the Revenue as well as to reduce the Expenditure Under these circumstances, I cannot object to carry out the proposal made by the Government of India to raise the duty on Salt from Re 1 to Re 1-4, as I conceive this to be the least objectionable form under which we can extract from the people, the amount required With reference to the suggestions contained in paragraphs 28 to 40 of the letter from the Government of India, as they appear to embrace considerations of a political as well as of a financial character, I propose to deal with them separately

W DENISON

Minute by His Excellency the President

In the confidential letter from the Government of India, after indicating certain reductions which might be anticipated in the Expenditure, and suggesting an increase in the duty upon Salt, it is pointed out that in the case of a still existing deficiency of revenue, the only course to be adopted would be the reduction of the amount appropriated to Public Works

2 Thus, it is said, would be a step to be avoided if possible, and, accordingly, it is proposed to make over to the Local Governments certain subjects of Taxation (Tobacco being one), by means of the money derived from which the Local Governments might supplement any deficiency in the Assignment from the General Revenue for Public Works It is also suggested that there might be an understanding between the Local and Supreme Governments by which any savings effected in the Estimates might be credited to a Local Budget for such Public Works, and it is further hinted that should Local Legislative Councils be appointed, the supervision of such Local Budgets would be for such Bodies an useful and appropriate occupation It is thus proposed that Madras should undertake to provide, by such Local Funds, for 10 lakhs of the amount estimated for Public Works, which sum, it is inferred, the Supreme Government proposes to reserve in order that it may be in readiness to meet the anticipated deficiency

3 The scheme proposed may be considered—

1st —As a financial arrangement

2nd —As affording an opening for the introduction of something analogous to municipal action in the County Districts

3rd —In its relation to the introduction of some Local Legislative action

4th —As opening up, incidentally, the question of the anomalous position in which the Local Governments are placed with relation to the Supreme Government at Calcutta, and to the Secretary of State in England

4 It is under these four heads that I propose to consider this Scheme I may, in the first place, observe that the necessity of making any reduction at all is not shown to exist Were the Government of Madras to commit itself to the imposition of Local Taxes, and thus to burden a population, already too heavily taxed, for the purpose of executing Public Works for which a sufficient sum has already been provided in the estimates, it would expose itself very justly to obloquy In the second place, I would observe that, in selecting the works which it would be desirable to postpone, common sense would direct us to commence with those which are unproductive, and at the same time costly, and, in applying this common-sense principle to the present case, I think it would be found advisable to stop those works upon which the

CHAPTER XVI

MADRAS PRESIDENCY

HIS EXCELLENCY
SIR W DENISON

Local Taxes for Public Works on a population already too heavily taxed would justly expose the Government to obloquy

CHAPTER XVI

MADRAS PRESIDENCY

HIS EXCELLENCY
SIR W. DENISON

Reduction of Railway expenditure

Local Taxation
Tobacco Tax

There is much in a decentralization of finance to make the scheme attractive

Transfer to local Governments of savings in the estimated expenditure of each year would offer a direct inducement to the framing of high estimates of departmental outlay

Savings should be applied to the diminution of taxation which has been pushed to its limits

Relation between the Supreme and Local Governments

Government is called upon to pay a heavy interest, and from which it derives no equivalent benefit—I mean the railroads

5 It would appear from the despatch to the Secretary of State that 56 millions will be required to complete the projected Lines of Railway, even should so many millions in event take place as their completion within the Estimates. Of these 56 millions, 32 millions have been expended, and upon these, the Government is paying interest to the extent of upwards of £1,600,000 per annum, while the net returns from the Railways amount to £443,160, or little more than 1 per cent per annum on the capital. I have a firm conviction that all these long Lines will never pay the interest upon their capital, and that the Country will, therefore, have to provide a large sum annually for the interest guaranteed. If, then, any Public Works are to be given up, it should be those which, like Railways, are running us into debt, rather than those which, like irrigation works, return a large interest upon the outlay.

6 I am aware that as Railways are progressing with borrowed capital, their stoppage would only relieve the Government from the payment of interest upon the annual outlay, but this would amount, in the course of next year, to £300,000 and in a few years to £1,200,000 in addition to the amount which we are already paying. It is possible that by making the reductions suggested in my former Minute, and by increasing the duty upon Salt, any reduction in the amount to be expended on Public Works in 1861-62 may be avoided. If, however, reduction be required, it should operate upon the Railway Expenditure rather than upon the productive outlay upon Irrigation. Should, however, the Supreme Government, still, decline to appropriate the whole amount which we require for our public works, I would rather submit to this, for a time, than impose fresh taxes upon a population already too heavily burthened.

7 I will now consider the Scheme as affording an opening for the introduction of something analogous to a Municipal System. It is true that the Supreme Government alludes, in the first place, to the imposition of a Tax or an Excise Duty on Tobacco which would be of a general character. This, however, must have been suggested in entire forgetfulness of the Report elicited from this Government in 1859, where it was stated that, by no process, could a Tax on Tobacco be made productive in this Presidency, but, in para 32, it is said that purely Local Taxes might be imposed for local objects.

8 There is, I confess, much, in this, to render the scheme attractive. Hitherto the policy of Government has been to attribute to itself every portion of power—to centralize everything in itself. I should rejoice, I confess, to see some power of local action given over to those who are interested in public works of a local character, but I am, at the same time, bound to admit that the slight experience which I have had of the character of the people does not lead me to believe that they would appreciate the boon, if coupled with the condition of a Local Rate or Cess, while I do not think that they could be trusted to administer for the inhabitants of any locality, funds raised by the Government, either generally or locally, still, perhaps, something might be done in this direction hereafter.

9 As a further inducement to the Government of this Presidency to entertain the Scheme above alluded to, some possible contingencies are hinted at, more than specified distinctly, under which a portion of the savings made by the Local Governments upon the items of the General Estimates might be handed over to the Governments to be applied to local purposes, and it is further said that the appropriation of these savings and of the Local Funds generally would be an appropriate and useful occupation for the suggested Local Legislative Councils.

10 With reference to these anticipated or hypothetical savings, I do not understand how they are to be calculated. Is the Estimate for the present year to be made the standard by which these savings are to be calculated? Or is it meant that any saving in the amount of the expenditure, as estimated annually, is to receive a local application? If the latter be intended, there is a direct inducement offered to the framing of high Estimates of departmental outlay.

11 However, without attempting to discuss this question further, I would observe that the saving resulting from any reduction of expenditure should be applied as speedily as possible to the diminution of taxation. It is perfectly evident that we have pushed taxation to its limits. We have taxed Imports and Exports, we have established Monopolies, we have a tax upon Income, we have Stamp Duties and a species of Excise. Our best and wisest policy, whether we look to the stability of the Government or to the comfort and happiness of the people, would be to commence, as speedily as possible, the reduction of taxation, and I feel certain that this would be appreciated by all classes of people as a much greater advantage than any which they could possibly derive from the establishment of a Legislative Council, more especially where the powers of such a Council would be so seriously limited as they are proposed to be in the confidential letter.

12 This leads me to the consideration of the fourth head under which I propose to discuss the question referred to us from Calcutta. I mean the anomalous relation in which this Government stands to that of the Supreme Government of India. By the 3 and 4 William 4, cap 85, "it is enacted that the superintendence, direction, and control of the whole Civil and Military Government of all the said territories and revenues in India shall be and is hereby vested in a Governor General and Counsellors to be styled the Governor General of India in Council."

13 I believe that this Enactment originated in a wish on the part both of the Directors of the East India Company and of the Government, to check that tendency to independent

action on the part of the Governors of the different Presidencies which the power of disposing of an efficient military force was sure to generate, and in a desire at the same time to maintain a general control over their expenditure. I do not, however, believe that either the Directors or the Legislature contemplated an interference on the part of the Governor General in Council with all the trifling details of local management, by which the Governments of the different Presidencies are placed in a position inferior to that of the Municipal Authorities of a corporate town.

14 In the confidential letter of the Supreme Government, after stating that it was the intention of the Governor General in Council to make over to the Local Governments certain subjects of Local Taxation, the following significant warning is given as to the amount of freedom of action which was to be allowed —

Relation between
the Supreme and
Local Governments

“As regards the subject of Local Taxation, it must be understood that the consent of the Governor General in Council is requisite before the imposition of any new rate can be taken into official consideration, or made the subject of public enquiry, and, again, before it is finally adopted.”

This, if interpreted according to the simple and plain meaning of the terms used, would indicate that the Government of a Presidency must not even venture to think or to make enquiries which would guide it towards a right conclusion with reference to any Local Rate without, first, obtaining the assent of the Governor General in Council. I cannot believe that such was the intention of the Governor General in Council when the Secretary was directed to write that confidential letter, which, I may remark, commences with an appeal to the Local Government and terminates with a threat, but the fact that these expressions have found a place in such a document, indicates the view taken by the Supreme Government of its relation towards the Local Governments. While, however, the Supreme Government has been gradually appropriating to itself the superintendence and control of all matters, Civil and Military, Local and General, the general tendency of Legislation elsewhere has been towards a system altogether opposed to this centralization of authority. To the Colonies generally have been conceded powers of self government, and, though, in many instances, it would probably have been for the benefit of the Colonies themselves that their powers of self-government should have been restricted, the fact that they have been almost unlimited would, I think justify the conclusion that, in acting as it has done, the Supreme Government has taken a mistaken view of the meaning, or, at all events, of the intention of the Legislature in conferring upon it the general superintendence and control over the whole of India. I am quite prepared to admit that the terms used in the Act are sufficiently comprehensive to admit of the interpretation which has been put upon them, but, while I admit this, I am decidedly of opinion that the system of centralization which has been the result of this interpretation, has acted most injuriously both on the financial and administrative functions of the Local Government.

The Supreme Government has, under the letter of the law, exercised a more minute control over the Governments of Madras and Bombay than was intended by the framers of the law.

15 It seems to me, then, that it would be deserving of the consideration of Her Majesty's Government whether, in accordance with the principles which have been acted upon pretty generally of late years, it would not be advisable to give to Districts, which are so far separated from the centre of Government as to be dependent in great measure upon the mail steamers which ply but twice a month between Madras and Calcutta for the regular means of communication, a greater amount of power in determining matters of local interest than has of late been allowed.

16 It appears to me that the Local Governments in India should stand to the Supreme Government in a position something analogous to that in which the States of the American Union stand to the Federal Government at Washington, that all powers which have a general character should be exercised by the General Government. It should have the sole and entire control of the Army and Navy. It should conduct all correspondence with Foreign States or those lying within our boundaries. Any questions at issue between two or more of the Local Governments should be determined by the General Government. It should have the charges of the Post Office, the Telegraph Offices, &c, questions as to the lighting of the Coast should be decided by it. In order to meet the charges which these would impose upon the General Government, it would be necessary that a contribution should be paid from the Revenue of each Presidency upon some definite principle, perhaps the simplest would be to take the ratio which the Revenue of the Presidency bears to the Total Revenue.

17 These, however, are details upon which it is unnecessary to dilate. The principle which I wish to see established is the separate action of the Local and General Governments. The Local Government should have the power of determining, in accordance with instructions received from the Secretary of State, all local matters, whether relating to revenue or to civil administration. The General Government should, under similar limitation, regulate everything which had reference to the military occupation of the Country, its defence against aggression, &c, &c. By such an arrangement we should get rid of the anomaly of having three Armies with three Commanders-in-Chief and three separate staffs for the defence of one Country, and we should also get rid of the necessity of referring to Calcutta for leave to appoint an officer to perform a duty, however important, which may not have been sanctioned in the Estimates. However, it is unnecessary that I should, on the present occasion, go into any further details, that which I have said has been drawn from me by the expressions used in the letter from the Government of India.

CHAPTER XVI

MADRAS PRESIDENCY

THE HON'BLE W MOREHEAD

The tale told in the confidential letter which we have received from the Supreme Government in respect to the state of the finances for the coming year is not a cheering one. It, moreover, shows that little has been done in the other Presidencies towards reducing their present rate of expenditure. This state of matters seriously affects this Presidency and renders it difficult for us to carry out the views of the Supreme Government as now submitted to us.

2 The aid we have been asked to give is, first by increasing the price of our Salt, this has been done, and I think the price might have been raised to the full limit permitted by law, that is, to Rs 1-8 per Indian maund. This additional six annas would not have been felt, and it would have added some three or four lakhs more to the revenue.

3 The next proposal made to us is that we must be prepared to give up, should the state of the General Treasury demand it, ten lakhs of the amount entered in our Public Works Budget. This sum, we are however told, they are ready to aid us in making good by the imposition of such Local Taxes as we may deem advisable.

4 I concur with the President that, at this moment, it is impossible, justly, to impose any Local Taxation to meet the threatened deficiency, and that, therefore, to attempt it would be a serious mistake. I do not, however, consider that to the extent of 10 lakhs, the execution of important and useful works need be impeded or altogether put a stop to. This amount, or nearly so, I am satisfied, is to be obtained, and that readily, by the introduction into the department of the reforms at present under consideration.

Before the recent constitution of the Public Works Department the largest sum expended on Public Works in any one year was about 24 lakhs.

5 Previous to the introduction of the recent constitution of the Public Works Department, the largest sum expended in any one year was about 24 lakhs. Our present Budget reduced by the sum contemplated will still leave us a balance far in excess of the above amount, for expenditure, and, if this sum is properly husbanded and carefully expended, I do not apprehend that, in reality, the interests of this Presidency will in any way suffer by the proposed deduction of the ten lakhs in question from the Budget of the Public Works Department.

6 With reference to the President's remarks about giving up the further construction of railways in India, I conclude that the recent orders issued in regard to them have restricted their construction to the full extent that the Government deem safe or that they can legally do.

W MOREHEAD

Minute by the Hon'ble E MALTBY

THE HON'BLE E MALTBY

I have given my attentive consideration to the confidential letter of the Government of India, which certainly shows that the finances of the Empire are in a critical position. Immediately on its receipt, orders were issued by us to increase the selling price of Salt from Rs 1-2-0 per Indian maund to Rs 1-6-0, and I concur with Mr Morehead that the rate might be further advanced to the legal maximum of Rs 1-8-0 without any additional check to the sales being perceptible. But, after this step, I share the President's opinion that the limits of taxation will have been reached. The impending License-tax which is to be imposed for imperial purposes will extend the existing moiety to all those classes and individuals who now escape it, and I am ignorant of any new source from which money can be raised either for Imperial or Local Purposes in this Presidency.

2 If therefore the necessities of the Empire oblige ten lakhs to be struck off our Public Works Budget for the ensuing year, I see no alternative but to stop the execution of works to that extent, unless such savings as we can make in the establishment of that department (a subject which is now under consideration) are allowed to supplement in part the amount struck off the Budget.

The limited amount of local financial management and self-government proposed by Mr Laing would be quite insufficient and barren of good result.

3 In referring to the probable necessity of reducing the Public Works Budgets, the Supreme Government expresses an intention of allowing the Subordinate Governments to make up the deficiency by Local Taxation, and observes that "a foundation would thus be laid for a larger degree of Local Financial Management and Self-government." I should be glad that this prospect was likely to be realized, but to attain such a beneficial result it appears to me that the subject must be treated in a much more broad and liberal mode than that laid down on this occasion. If the consent of the Governor General in Council is to be needed before "the im-

position of any new Local Tax is taken into official consideration or made the subject of public enquiry, and again before it is finally adopted," and if "Local Taxes can only be permitted when they do not interfere with Imperial Taxation," which taxation already affects every spring of industry, the Local Governments will, in my opinion, occupy the same restricted position as before.

4 If they are to enjoy real liberty of action and self-management, it seems to me that the Acts of Parliament affecting India must be altered so as to give them a control over the General Taxation and Expenditure within their range, subject to the condition of supplying a Fixed Contribution to the Imperial Treasury, and I would, with all deference, point to the present papers as a proof how impossible it is that one Central Government, overwhelmed with political and other great questions, should successfully master the details of Local Administration throughout our extensive Empire. Thus it is thought an advantageous concession to allow the Madras Government to raise a Local Revenue from Tobacco to supply the place of ten lakhs to be cut

Letter to Government of India, Home Department, 11th June 1859, No 774

off our Public Works Budget, although we lately pointed out, most strongly and impressively, that such a tax was opposed to the land tenures and circumstances of this Presidency, that it would yield little revenue, and would bring back those serious evils on account of which it was formerly abolished.

5 With respect to the imperial deficiency as an extension of taxation is pronounced impracticable, relief must be sought chiefly in economy, and thus Government will not cease its endeavours to reduce expenditure. But the existing sources of revenue may be improved,

See letter to Government of India with Budget Estimates, 23rd March 1861, Financial Department No 153

and we lately pointed out a mode of increasing the efficiency of the Stamp Act, by altering the section which exempts from its operation all transactions with which the Government is even indirectly concerned. It is undoubtedly to be deplored that railway liabilities should have been drawn on the Treasury at a time when Government has to meet the expenses resulting from the Mutiny. Eventually, I trust, that the beneficial effect of Railways on the prosperity of the Country will more than reimburse their cost to the State, but this result may be slow in arriving, and meanwhile if the Imperial Income and Expenditure cannot be balanced by administrative economy, it seems to me that money for this special and extra demand might be raised by a Loan, according to the principle followed on a recent occasion when funds were required for promoting Public Works.

CHAPTER XVI

MADRAS PRESIDENCY

THE HON. BLE L. MALTBY

The 20th April 1861

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